



## Mission to Budapest

Malcolm Bradbury's next novel captures the shady world of east European capitalism flourishing in the ruins of the Soviet empire ..... Page 1



## Sport on the run

Liz McColgan's race to number one was a highlight in a sporting year dominated by sex, drugs and politics ..... Page IX

## Leo's message to Boris

Dominic Lawson reminds Yeltsin of Tolstoy's observation that Russian peasants hate reform ..... Page XVI

EUROPE'S BUSINESS NEWSPAPER

## FINANCIAL TIMES

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## World News

## Business Summary

## Algeria's Islamic party gains support in elections

Algeria's leading opposition party, the Islamic Salvation Front, emerged yesterday with a very strong chance of gaining an absolute parliamentary majority in the country's first-ever multiparty general elections. However, the result of next month's second-round voting could see an increase in seats won by the ruling Front de Libération National. Page 22

**Beirut body identified**  
A skull and bones found in Beirut are believed to be those of kidnapped CIA chief of station William Buckley. Bonn rejected kidnappers' demands to swap two jailed Lebanese brothers in exchange for two German hostages. Page 22

**Croat town bombarded**  
The federal army and Serb militias bombarded the key industrial Croatian town of Karlovac in the heaviest assault in six months of fighting. Page 2

**Financier arrested**  
Italian financier Giancarlo Pirelli, who is fighting to retain control of the US media group Pathé Communications, was arrested in Rome in connection with tax fraud, police said.

**IRA disrupts trains**  
Belfast-Dublin train services were disrupted when an Irish Republican Army bomb exploded near Newry station in Co Down just a few minutes after a three-day Christmas ceasefire ended. Page 4

**Gaddafi's invitation**  
Libyan leader Muammar Gaddafi invited the west to send judges to Tripoli for the trial of two men charged with the 1988 Pan Am airliner bombing at Lockerbie in Scotland.

**Manila sets deadline**  
The Philippines, signalling the end to nearly a century of American servicemen on its soil, said US forces must leave within one year after talks on a three-year phased withdrawal collapsed. Page 2

**Massacre toll grows**  
The death toll from a massacre of train passengers in the Punjab rose to 83. Hundreds of Indian soldiers are hunting Sikh militants believed to be responsible.

**Ruby's pistol auctioned**  
The pistol used in 1963 by Jack Ruby to kill Lee Harvey Oswald, President Kennedy's assassin, fetched \$220,000 (\$120,000) at a New York auction. It originally cost \$82.50.

**Norwege trial delay**  
The Miami drug-trafficking trial of former Panamanian strong man Manuel Noriega will not resume until January 27 because Judge William Hoelveler, 69, is recovering from heart surgery.

**May poll odds cut**  
Bookmakers William Hill cut the odds on a British general election in May after an apparently accidental remark by Tory chairman Chris Patten specifying that 90.

**Dietrich turns 90**  
Marlene Dietrich, the cinema's most famous femme fatale, celebrated her 90th birthday in Paris.

**Goodbye to Dessle**  
UK racehorse Desert Orchid is being retired at the age of 13 following a fall on Boxing Day in the King George VI. Rank Chase at Kempton Park.

## Brisk trade but no frenzy as UK stores launch sales

Sales fever seemed subdued in London shops. UK stores launching their seasonal sales yesterday reported healthy trading after a slow start - but not the shoppers' frenzy of previous years.

Elsewhere in Britain, trading generally appeared strong, with the Arndale Centre in the northern city of Manchester reporting its busiest day this year. Page 4

**ASSICURAZIONI Generali**, big Italian insurer, is to invest over £400m for a 5 per cent stake in Spain's newly-merged Banco Central Hispano Americano. The deal with Generali was signed as Banco Hispano Americano formally merged with Banco Central to form Spain's biggest private commercial bank.

**GERMAN BANKER** Wolfgang Röll, chief executive of Dresdner Bank, criticised last week's Bundesbank decision to raise German interest rates, saying: "There is no justification for putting the EMS under pressure in order to raise the value of the mark."

**EUROPE'S STEEL** industry needs a "new look", according to British Steel chief executive, Sir Robert Scholey. He says investments should be co-ordinated to avoid over-capacity and the sector's work force should be cut by a fifth.

**CANADA** has approved the controlling stake taken by Hong Kong magazine tycoon Li Ka-shing in Husky Oil, one of Canada's biggest independent energy producers. Page 10

**AUDIT FEES** charged to UK companies are among the world's highest and UK accountants take longer than the international average to produce auditors' reports, says a survey of accounting and auditing trends. Page 8

**LONDON property**: Almost 40m sq ft of central London office space is vacant, say independent researchers, who predict a wave of mergers and failures for London's commercial agents in 1992. Page 5

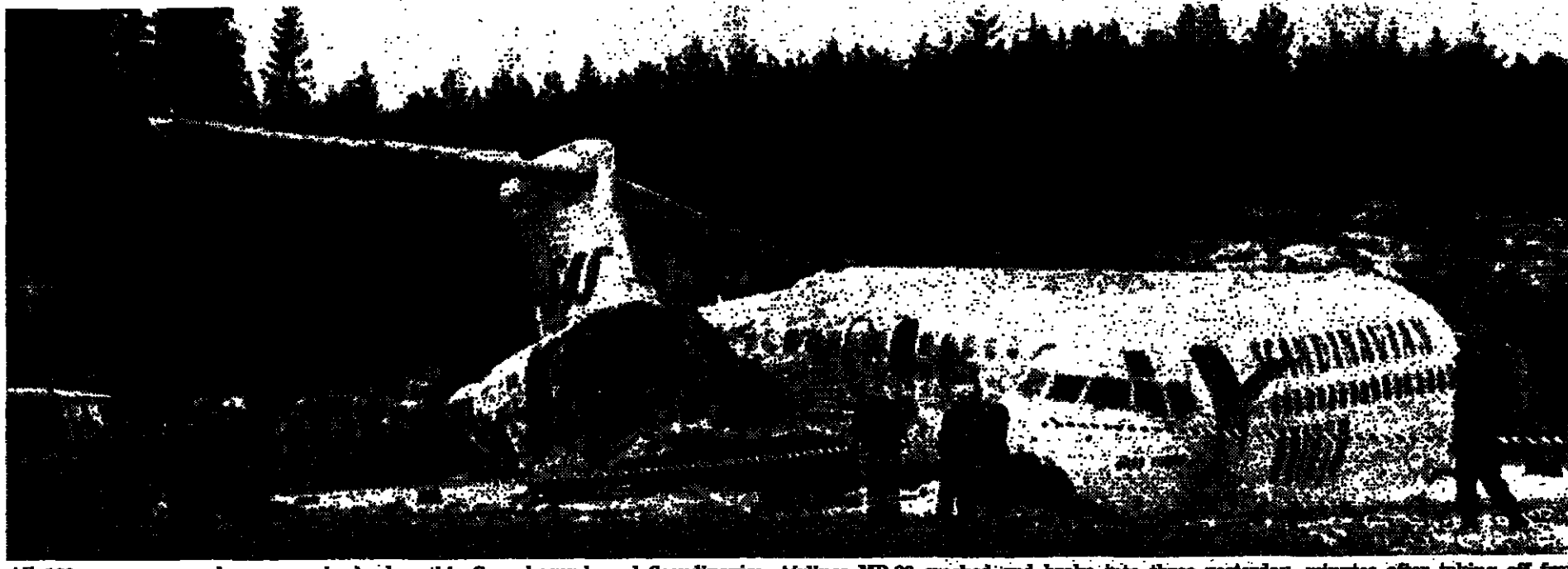
**BRITISH PETROLEUM**, Alaska's biggest oil producer, has agreed to pay \$185m to settle a long-running lawsuit alleging BP withheld oil royalties due to the US state.

**VOLKSWAGEN** Passat cars have started rolling off an assembly line in Bratislava, Czechoslovakia - first fruits of a DMEB joint venture aimed at producing 30,000 Passats a year by 1993. Page 10

**D COOK** Holdings managing director Charles Pettigrew has quit after little more than three months - the eighth board member since April 1989 to leave the USM-quoted motor dealer. Page 8

**HARDANGER Properties**, hard-pressed UK retail developer whose shares have been suspended since April, is offering to repay unsecured creditors 30p per £1 of debt. Page 8

**JONES & SHIPMAN**, Midlands machine tool maker, slid from modest profit into a £2.48m (£4.47m) half-year pre-tax loss. The interim dividend is being passed. Page 8



All 129 passengers and crew survived when this Copenhagen-bound Scandinavian Airlines MD-80 crashed and broke into three yesterday, minutes after taking off from Stockholm. Swedish prime minister Carl Bildt said their escape was "a Christmas miracle". Twenty-one people were injured, one seriously. The pilot said both engines failed.

## Republics worried by the pace of economic reform

## Russia angers new union

By John Lloyd in Moscow

**FEARS OF** Russian domination over the economies of other members of the Commonwealth of Independent States were raised yesterday after the Russian government rushed through a programme of privatisation measures.

The first meeting of the commonwealth, scheduled to be held in Minsk, the Belorussian capital, on Monday, is set to be the forum for a bitter dispute over economic reform - with the two biggest republics, Russia and Ukraine, at odds on its timing and scope.

Divisions also appeared in the Russian government with reports that there were "heated debates" among heads of ministries as they discussed the pace of the programme, which is due to begin on Thursday, the day scheduled for price liberalisation.

Moscow has refused a plea from the central Asian states for a delay in the price liberalisation programme. Their fear is that the resulting sudden sharp rise in prices will

**Georgian opposition leaders rescued** ..... Page 2  
**'Undeclared war' threat to Azerbaijan** ..... Page 3

destroy their tottering economies. Moscow is determined to introduce competition into production and supply, concerned that without competition prices will rise without limit.

The Russian programme announced yesterday envisages a "crash" programme of privatisation of small and medium-sized enterprises, shops, trading companies, housing and local transport services. Foreigners will initially be allowed to buy controlling shares in construction companies and in loss-making enterprises.

Excluded from immediate privatisation will be large enterprises, energy resources, defence plants, the commonwealth media, most means of

**Familiar novelties in a future order** ..... Page 6  
**Contagion from across the frontier** ..... Page 7

transport, tobacco, alcohol and baby food production. Some progress on the military disputes between the two largest states was reported by Ukrainian leaders, after a day of talks in the capital, Kiev, between Marshal Yevgeny Shaposhnikov, acting head of the central military authority, and the Ukrainian leadership.

Mr Leonid Kravchuk, the Ukrainian president, told reporters after the meeting that "the major questions were settled".

However, Mr Ivan Bizhan, the deputy Ukrainian defence minister, said there was a difference of view over the control of the Black Sea Fleet, the Russian nuclear submarines, and vessels armed with nuclear

missiles which are claimed by the central military authorities.

Mr Kravchuk, who has disputed that Russia is the successor state to the Soviet Union, has said he does not accept Russian control over Ukraine's stock of strategic nuclear missiles - saying they must immediately be dismantled on Ukrainian territory.

Mr Mikhail Gorbachev, the former Soviet president, handed over control of the nuclear key to Mr Boris Yeltsin, the Russian president, on Wednesday.

Mr Anatoly Chernomyrdin, Mr Gorbachev's national security adviser, said in remarks broadcast on Thursday that "now that the key is removed from his hands, I am worried about the operational control of nuclear weapons".

Mr Tom King, the British defence secretary, said there was a risk of the use of tactical nuclear weapons between the former Soviet states. If their Continued on Page 22

## Hope of rally in UK shares

By Rachel Johnson, Economics Staff

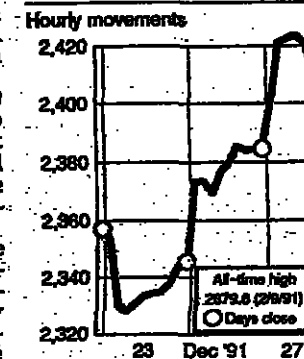
**HOPES** of a new year equity rally rose yesterday as the UK stock market gained more than 30 points, encouraged by Wall Street's Boxing Day surge to a record level.

In London, the FT-SE 100 share index gained 34.3 to 2,418.7 before closing early at lunchtime, with US-traded shares the biggest gainers. The stock market has staged a 60-point recovery this week.

Both stock markets were boosted by the scale of the Federal Reserve's action last Friday to lift the US economy away from a double-dip recession, which increased the chances of a recovery in both countries in the early part of the new year.

The Dow Jones Industrial Average, boosted by the one percentage point cut in the discount rate to 3.5 per cent at a week ago, rose to a record of 3,082.96 on Thursday, up 31.98. Yesterday, it was up a further 15 points in early afternoon trading. Analysts said the market's direction was up, but its momentum had

## FT-SE 100 index



been slowed by profit-taking. On the currency markets, the pound remained very close to its floor in the European Continued on Page 22

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**Likings sound money, Wld II**  
**Sorry Dow is cheered, Wld II**

## US drug watchdog accuses Fisons of 'deceptive' tests

By Daniel Green

**FISONS** shares fell to their lowest level for 2 1/2 years yesterday as it became known that US health regulators had branded as "deceptive" some of the UK drugs company's product testing.

The Food and Drug Administration was quoted in an authoritative Washington newsletter, The Pink Sheet, as saying that despite "violations", the company's highly profitable asthma drug, Intal, remained on sale, apparently because of the "medical necessity of the product".

Intal, on sale since 1969, is among the most profitable drugs in the \$2.3bn world asthma treatment market. Fisons accused the newsletter report of being "inaccurate and misleading" and said supplies of Intal had not been affected.

After the report, the latest in a series of revelations to undermine stock market confidence in Fisons, the company's shares closed 51p lower at 230p. Inspections by the FDA at a Fisons plant in Holmes Chapel,

**London stocks** ..... Page 13  
**Lex** ..... Page 22

Cheshire, pinpointed what were called "significant deviations" from good manufacturing practice. They included: ● Storing drug solutions in what the inspectors identified as beer kegs.

● Running "deceptive" aerosol leakage tests, which eliminated low-weight inhalers from testing even though they may have been low weight due to aerosol leakage.

● Claiming to have eliminated aerosol leakage when changes had not corrected the defect.

● Changing the valve design on Intal inhalers without obtaining the necessary approval from the FDA. Fisons said yesterday that "a technical change to the valve on the inhaler has been the subject of discussion with the FDA for some time, but has not affected the normal supply of Intal to any market".

The company intends to publish a more detailed response. This will say that containers which resembled beer kegs have been replaced by ones that do not, that the aerosol testing method has been changed and that "leakage has been minimised".

The statement did not halt the slide in Fisons' shares. Some allegations, concerning purity testing and water quality, cover two other drugs, Infeon and Opticrom, which have been at the centre of controversy this year already.

FDA rulings forced the withdrawal of the two a year ago. During the summer, Fisons said they should soon be back on sale, a statement which helped the shares reach record highs. Without official confirmation of this, however, Fisons shares began to fall.

On December 11, Fisons warned that the continued absence of the drugs from the US market would cost \$250m.

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## MARKETS

<b>STERLING</b> New York lunchtime: \$1.874 London: \$1.8775 (1.876) DM2.8475 (2.85) FF5.725 (5.7425) SF2.535 (same) £ index 91.7 (91.9) <b>GOLD</b> New York Comex Feb \$355.0 (355.0) London: \$358.35 (359.75) <b>N SEA OIL</b> (Argus) Brent 15-day \$17.875 (17.525) Chief price changes yesterday: Page 22	<b>DOLLAR</b> New York lunchtime: DM1.5175 FF5.185 SF1.35 Y125.8 London: DM1.5165 (1.518) FF5.185 (5.1925) SF1.3505 (1.3515) Y125.5 (127.1) Tokyo close: Y125.75 US LUNCHTIME RATES Fed Funds: 4 1/4 % 3-mo Treasury Bills: 3.93 % Long Bond: 10 1/4 % yield: 7.51 %	<b>STOCK INDICES</b> FT-SE 100: 2,418.7 (+34.3) FT-A All-Share: 1,157.09 (+1.3%) FT-SE Eurotrack 100: 1,053.30 (+12.70) New York lunchtime: DJ Ind. Av. 3,098.15 (+13.19) S&P Comp 405.89 (+0.85) Tokyo: Nikkei 22,437.32 (+117.75) <b>LONDON MONEY</b> 3-month Interbank: 11% (10 1/2 %) Life long gilt future: Mar 95 1/2 (Mar 95 1/2)
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## FUTURE PERFECT

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## INTERNATIONAL NEWS

## Keating reshuffle heralds boost for economic growth

By Kevin Brown  
in Sydney

AUSTRALIAN prime minister Paul Keating yesterday appointed the country's fourth Treasury team in seven months as part of a reshuffle intended to freshen the image of the ruling Labor party.

Mr Keating, who replaced Mr Bob Hawke as party leader and prime minister after a party ballot last week, said Mr John Dawkins, the new treasurer, would head a drive to promote economic growth and create jobs.

Mr Dawkins, formerly employment and education minister and a leading supporter of Mr Keating during the year-long campaign to unseat Mr Hawke, is regarded as more interventionist than Mr Ralph Willis, the outgoing treasurer, who was appointed three weeks ago in a last-gasp reshuffle by Mr Hawke.

Mr Willis has been reappointed as finance minister, the job he held for eight years before replacing Mr John

Kerin as treasurer. Mr Kerin had held the job since June, when he replaced Mr Keating.

Mr Keating, who was treasurer for eight years until his first unsuccessful bid to topple Mr Hawke, is expected to remain closely involved in macro-economic policy, which is largely the responsibility of the treasurer. The finance minister is responsible for revenue collection and control of government spending.

In other changes, Mr Kim Beazley, a prominent supporter of Mr Hawke, moves from the Finance Ministry to Employment, and Senator Graham Richardson, who ran Mr Keating's campaign, is promoted from Social Security to Transport and Communi-

cations. Mr Kerin moves from Transport to Trade and is demoted from the cabinet to the outer ministry. Mr Neal Blewett, the former trade minister, becomes social security minister.

Mr Alan Griffiths joins the cabinet as tourism minister, and Senator Bob Collins, aviation and shipping minister, is promoted to the cabinet.

Mr Keating said the reshuffle was intended to "promote recovery and to restart growth in employment as quickly as possible". He said Mr Dawkins was a "careful, creative and competent person".

The prime minister is expected to follow the reshuffle with an economic statement in the new year, setting the stage for Labor's attempt to win a fifth successive election early in 1993.

Labor trails the opposition Liberal/National party coalition by 18 percentage points in the opinion polls, largely as a result of an 18-month recession

which has pushed unemployment to 10.1 per cent.

The statement is expected to include a range of employment creation measures, but neither the prime minister nor the treasurer would comment on possible changes in economic policy.

Mr Dawkins has previously urged the government to do more to assist emerging industries such as minerals processing, and has called for faster approval procedures for big projects such as mines and pulp mills.

The government's room for manoeuvre is limited by Mr Keating's commitment to return the federal budget to surplus as quickly as possible after two years of deficits caused by the recession.

The government's first move is likely to be a cut of 100 basis points in official interest rates to 7.5 per cent. The reduction has been widely fore-

cast following cuts in US interest rates.

Mr John Hewson, leader of the opposition, said the reshuffle was "about factional deals and pay-offs for mates". He described the removal of Mr Blewett from the trade portfolio as "madness".

Mr Blewett has led Australia's attempts to achieve freer trade in agricultural goods in the Uruguay Round negotiations under the General Agreement on Tariffs and Trade (GATT), which are close to a conclusion.

The reshuffle was well received by investors on the Australian Stock Exchange, where the All Ordinaries Index rose 13.8 points to 1594.9, partly on hopes that moves to stimulate the economy would benefit company profits. The Australian dollar closed slightly lower at 76.05 US cents, from 76.20.

## Dearth of jobs deters Israeli immigrants

By Hugh Carney  
in Jerusalem

UNEMPLOYMENT in Israel is deterring tens of thousands of Jews in the former Soviet Union from emigrating despite their mounting concern about their future in the newly independent republics, a senior Israeli immigration official said yesterday.

Commenting on a sharp decline in Soviet Jewish immigration this year, Mr Shmuel Dinitz, chairman of the Jewish Agency, criticised the government of Prime Minister Yitzhak Shamir for failing to implement adequate employment policies. Latest figures show 40 per cent of Soviet immigrants are unemployed.

The agency, a semi-governmental body in charge of bringing immigrants to Israel, said 145,000 Jews from the former Soviet Union had arrived this year, compared to 185,000 in 1990. Estimates at the start of the year had ranged as high as 400,000. About 340,000 have arrived since late 1989.

Mr Dinitz said 1.2m Jews in the old Soviet territories had taken the first step towards leaving by seeking invitations from relatives in Israel to join them. More than 100,000 had exit visas. He said there were particular signs of concern to leave among the 200,000 Jews in the Moscow republics.

But he did not expect the monthly rate of exit of 10,000 to rise unless economic conditions in Israel improved. "Tens of thousands of Jews are sitting on their suitcases, with all the necessary papers from the authorities to leave, but they are delaying because of the difficulties of absorption in Israel," he said.

The agency has denied suggestions that a large proportion of those already in Israel are also seeking to leave.

## De Havilland wins big order

De Havilland of Canada, the troubled commuter aircraft maker owned by Boeing, has won its largest order in almost three years with a \$190m (110m) deal to sell 20 Dash-8 turboprops to Northwest Airlines of the US, writes Bernard Simon in Toronto.

The sale brings De Havilland's 1991 order book to well below last year's 46 and a record 104 in 1989. But the company said the order would mitigate the impact of severe staff and production cuts announced earlier this year.

Boeing is looking for a buyer for De Havilland. A tentative deal with Aerospace of France and Italy's Alenia has been agreed by the European Commission on the grounds that it would have restricted competition in the commuter aircraft market.

The most likely buyer is now Bombardier, the Montreal-based transport equipment maker. The Ontario provincial government may also take an equity stake. Delivery of the Northwest aircraft will start next April. The 36-seat twin-engine planes will be leased to a regional carrier, Measha Aviation, which serves Northwest's hubs at Detroit and Minneapolis.

## Venezuela sees 9% growth

The Venezuelan economy grew by 9.2 per cent in real terms during 1991, the highest increase recorded since 1964, according to the Central Bank, writes Joe Mann in Caracas.

The country's dominant petroleum sector grew 9.9 per cent this year, while the non-petroleum sectors rose 8.6 per cent.

Inflation slowed during the year, but it remains high. The consumer price index increased by 30.7 per cent in 1991, compared with an increase of 36.5 per cent in 1990 and a record high of 51 per cent in 1989.



John Dawkins: regarded as more interventionist

## Croatian town suffers heavy bombardment

By Laura Silber in Belgrade

THE federal army and Serb militias bombarded a key industrial town in Croatia yesterday in the heaviest assault in six months of fighting near Karlovac, 35 miles south-west of Zagreb, the capital of Croatia.

Croatian radio reported that about 500 mortar bombs had hit the town. Many of the mixed Croat and Serb population of 55,000 took refuge in underground shelters during the attack, which the Croatian reports said left parts of the town without water or electricity.

Reports of casualties could not be confirmed in Karlovac, which Serb nationalists say marks a future border for a Greater Serbia. Thousands of Serbs have fled central Croatia, claiming that the federal army

has failed to defend them from a sustained Croatian military offensive.

Mr Greg Marinovic, an Associated Press photographer, yesterday said he saw Croat soldiers looting and burning abandoned Serb houses as they advanced in Pakrac, central Croatia.

Meanwhile in Ohrid, in the impoverished southern republic of Macedonia, Mr Slobodan Milosevic, the president of Serbia, held talks with Mr Kiro Gligorov, his Macedonian counterpart.

Macedonia has asked for recognition from the European Community, but it is plagued by disputes with neighbouring Greece and Bulgaria.

The talks, held at the initiative of Macedonia, appeared to be aimed at working out a

modus vivendi with Serbia, if the southern republic is granted independence.

In the neighbouring province of Kosovo, which is under Serbian control, the interior ministry of Serbia yesterday said it had uncovered an alleged plot by ethnic Albanians designed to join Kosovo, which is over 90 per cent Albanian, with neighbouring Albania. It said 11 ethnic Albanians had been arrested.

Both Croatia and Serbia have again called for the deployment of United Nations peacekeepers. Mr Cyrus Vance, the UN special envoy, is expected to return to Yugoslavia on Monday, but the chances for a lasting ceasefire - a prerequisite for the deployment of UN troops - appear increasingly remote.



A masked rebel helps besiege the Georgian parliament building in Tbilisi, where President Zviad Gamsakhurdia is taking refuge

## Georgian opposition leaders rescued from blazing cells

By Christopher Parkes

ALARM bells should be ringing in Germany over the rising burdens on industry and irrisponsible pay claims, according to Mr Hans Peter Stihl, president of the national chamber of trade and industry (DIHT).

Forecast economic growth of 2.5 per cent would only be attained if costs were held at present levels, he said in a bleak end-of-year statement.

He attacked both unions and government for endangering the country's record of nine years' uninterrupted growth, and warned of loss of markets and market share.

"High-pay" Germany was under massive international pressure, it was shocking, he said, that more and more indigenous companies were investing overseas, while foreign businesses were by-passing the country which was a natural bridge to east European markets.

"If we want to overcome the risks, 1992 should be the year of action and not discussion," Mr Stihl added.

German companies' loss of market share - above all to the Japanese - would soon be available for all to see as 1991 figures were calculated, he said.

In many sectors this was a result of pay, finance and taxation policies. A "bite out of the pay cake" comparable with last year's average 7 per cent increase could not be tolerated, he said.

Mr Stihl also called on the government to limit its demands in taxes, interest rates and costly environmental protection rules.

The state's share of gross national product - 52 per cent - was too high and hampered private industry. Lufthansa, the state airline, and Telekom telecommunications utility should be quickly privatised, he said.

dict so it does not engulf the whole of Georgia," Mr Chanturia said. "The main thing is that the west understands that it is not a putsch."

The National Democratic party leader explained how almost four months in prison ended with a rescue in the midst of the worst fighting since rebels laid siege to the Georgian parliament last weekend.

Speaking in a smoke-filled basement, he said the last few days had been terrible, with shells raining down around the prison where he was held near the parliament.

Huge piles of smoke hung over the city centre yesterday and fires blazed throughout the day. Health Ministry officials said the official death toll since Sunday had risen to 46, with about 300 wounded.

"It is a very cruel and sense-

less war," Mr Chanturia said, blaming it on President Gamsakhurdia. "It is important to arrest him [Mr Gamsakhurdia] and bring him to justice." Mr Gamsakhurdia has refused to surrender or meet opposition demands for his resignation.

Two rival demonstrations took place in Tbilisi yesterday. About 3,000 supporters of Mr Gamsakhurdia gathered near the city's university. Thousands more were heading for this rally from outside Tbilisi.

In another part of the city a few thousand opposition supporters listened to speeches from at least four of the opposition members freed from prison yesterday.

The speakers included Mr Chanturia, 31, who pledged to "restore democracy" in Georgia and said a victory for Mr Gamsakhurdia would have bloody consequences.

## China recognises former Soviet republics

CHINA yesterday recognised Russia and the 10 other republics of the Commonwealth of Independent States, Reuters reports from Beijing.

Chinese radio said Beijing's ambassador to the Soviet Union would become ambassador to Russia. China has also recognised Georgia, which has not yet joined the CIS.

A Spanish radio station said yesterday that former Soviet leader Mikhail Gorbachev might come to live and work in Spain. It gave no details.

Members of the Commonwealth of Independent States should be invited to join the Conference on Security and Co-operation in Europe, said Mr Hans-Dietrich Genscher, the German foreign minister.

The head of the French consulate in Kiev, Mr Hugues Perret, was appointed chargé d'affaires to Ukraine yesterday, signalling implicit recognition by France.

## US to quit Philippines naval base in a year

By George Graham in Washington

THE US will pull down the flag over its naval base at Subic Bay by the end of next year, after failing to reach agreement with the Philippines government on a slower withdrawal.

The closure of Subic Bay will complete a gradual reduction in the presence which has dominated the Philippines since the US replaced Spain as its colonial ruler in 1898.

The damage caused by Mount Pinatubo's eruption this year had already forced the closure of Clark Air Force base. The base at Subic Bay appeared doomed to closure after the Philippines Senate

refused to ratify a 10-year agreement negotiated with the US by the government of President Corason Aquino.

Negotiations on a three-year withdrawal collapsed over the US's refusal to set a timetable or to say whether naval vessels using the base were carrying nuclear weapons.

The base was used as a training centre, repair yard and supply depot for the US Seventh Fleet, but analysts had begun to question its strategic role as the Soviet presence in south-east Asia dwindled and the Soviet navy began to pull out of its base at Cam Ranh Bay in Vietnam.

## Bush welcomes foreign investment ahead of trip

PRESIDENT George Bush, in an attempt to ease Asian anxieties ahead of his trip to the Far East next week, has taken the unusual step of issuing a statement welcoming foreign investment in the US, AP reports from Washington.

He held a news conference on Thursday he was "reaffirming the unequivocal and longstanding support of the US for a policy of free and open foreign direct investment among all nations." Mr Bush set off on Monday for a four-nation tour of Japan, Korea, Singapore and Australia.

Mr Bush's remarks were aimed primarily at the Japanese, who have been worried by criticism in the US over the extent of their investments there. His reassuring tone was also designed to ease tensions over trade issues. Mr Bush had already said he hoped to press Tokyo to open its markets to more US products. The US last year ran a \$41bn (\$22.5bn) trade deficit with Japan.

"As other nations around the globe join us in embracing the concept of free markets, it is important to reaffirm our commitment to an open investment policy," Mr Bush said. "Like domestic investment, foreign direct investment stimulates growth, creates jobs, fosters competition, and facilitates the creation and exchange of goods, services and innovative techniques."

Railway speculation bungle puts González on the line

Peter Bruce on how a railroad financing gamble went horribly wrong for Spain's socialist government

A BUNGLED attempt by Spain's railway monopoly, Renfe, to finance a new local line near Madrid by speculating in land along the proposed route is threatening to force a painful cabinet reshuffle on prime minister Felipe González.

The affair, in which Renfe spent nearly Pta2bn (£10.9m) buying land worth just a fraction of that, has cast a cloud over the political future of health minister Julián García Valverde, who was chairman of Renfe at the time. Parliament yesterday appointed a commission of inquiry into the affair.

The imbroglio has proved embarrassing to the image of Mr González as leader of a pragmatic and efficient socialist administration. Several companies from which Renfe bought land are also at the centre of the country's

largest tax fraud.

In 1989, two municipalities just north of Madrid - San Sebastián de los Reyes and Alcobendas - began preparing for a rail link with the capital. Renfe was able to budget only Pta2bn, not nearly enough. The municipalities, Renfe and the Madrid regional government, all run by Mr González's Socialist party, then devised a plan in the best capitalist traditions of railroad construction: they entered the land speculation business. About 200 hectares near the line would be re-zoned for development and sold; profits expected to be around Pta12bn would build the line.

It had been assumed that the state railway would stay out of the financing, but at some stage Mr García Valverde's team at Renfe appeared to decide they could do better. That was a mistake, because

a lot of people seem to have got wind of the operation, and the land began to change hands at huge profit margins before Renfe was ready to buy.

One plot, bought by a company called Malagueña de Obras y Proyectos for Pta5m on February 9 last year, was sold on the same day to Renfe for Pta16m. Another, bought on May 5 for Pta13.7m, was sold a week later to Toher for Pta22.7m and resold the same day to Renfe for Pta22.3m.

To this day, the land has still not been re-zoned, leaving Renfe sitting on countryside costing Pta2bn but worth only about a fifth of that on the market.

Not only was Renfe being taken to the cleaners, but, unknown to it, both Malagueña and Toher were to surface in a police investigation this autumn into a multi-billion-dollar

VAT fraud. The companies, according to the police, are among hundreds discovered to have been selling false invoices to big corporations which use the invoices to reclaim VAT on their tax returns.

The investigation represents easily the biggest assault against the vast black economy which bedevils the government's attempts to consolidate its tax base and reduce its public sector deficit.

While the fraud investigation continues, Mr García Valverde and his former Renfe team are under great pressure. Three senior Renfe managers have already resigned, and many Socialist party officials believe the health minister will not last long in the government.

But Mr González loathes cabinet changes because they make him look indecisive. With speculation rife that he is thinking about calling an

early general election next year before having to make tough budget cuts to rein in an almost certain rise in inflation, any precipitous cabinet change would be read as panic. On the other hand, the prime minister will not want to face the electorate with the Renfe scandal unresolved.

Defending himself in parliament this month, Mr García Valverde said he had been acting under orders from the government and "there is no other way to do this sort of railroad operation". In other words, land speculation was a good thing. Listening to him on the radio, one cynical *Madridino* announced that the statement was "the absolute end of even pretending they [the government] are socialist".

That is probably unfair, and Mr García Valverde's more serious critics say his worst failing was managerial. But Renfe, before and

during Mr García Valverde's stewardship, was a voracious spender of the taxpayers' money. It is one of the biggest debtors in the Eurozone, where it owes Pta3.8bn.

As a result, Mr García Valverde's successor, Mr Marcel Sala, has been trying to claw back expenses on a high-speed line being built between Madrid and Seville, the Andalusian capital, which will host the Expo '92 world fair.

The project is now costing about Pta400bn - double the original estimates - and Renfe is cutting back the number of trains it has ordered. The railway, which had rejected a much cheaper bid for the trains in 1989, will have to pay compensation. Even when the line is finished, it will be at least the end of the century before a high-speed link between Madrid and the rest of Europe is built.

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كتاب الأصل



## INTERNATIONAL NEWS

# How the separated republics are coping

John Lloyd looks at the strengths and weaknesses of the new Commonwealth states

**T**HE 15 republics of the former Soviet Union are now formally independent, and recognised as such by the world community. They are, however, more closely integrated economically than any other group of states.

● **RUSSIA:** The core republic has 148m citizens, 61 per cent of the former USSR total; its land-mass is more than 17m sq km, 76 per cent of the total. Oil production is falling rapidly from last year's 550m tonnes, and its oil exports are estimated to be down around 70m tonnes for this year. Since it controls much of the oil, gas and precious metals, and thus exported most of the total Soviet exports, it is dominant and will remain so.

Political stability: medium to low. A new cabinet is about to introduce price liberalisation and other economic reforms. It has the strong backing of a still popular president, Mr Boris Yeltsin. However, the population is already restless and anxious over reform, and many will be below the poverty line, some of the autonomous republics within Russia are seeking independence; there are inter-republican feuds brewing with the Baltics, and with Ukraine.

Prospective legislation: Price reform laws allowing the privatisation of many sectors of the economy and new foreign investment laws are planned or already drafted.

● **UKRAINE:** population 52m; area 506,000 sq km. It produces little oil and gas; its main power source - the 150m-180m tonnes of coal production from the Donbass fields - is as much a burden as an asset, since the coalfield is part played out. It is heavily dependent on heavy and defence industries, though grain production is the highest per head among the states.

Political stability: medium. Its president, Mr Leonid Kravchuk, got solid voter support at the beginning of this month.

Legislation reflects a cautious approach to the market. Domestic and foreign investments encouraged by tax exemptions; draft law on farming to open the way to privatisation. It has prepared coupons for use within its borders largely to replace the ruble, and will print its own currency as soon as possible.



● **KAZAKHSTAN:** population 17m; area 2.8m sq km. Population divided almost evenly between Russians and native Kazakhs. Annual oil output of 25m tonnes should be boosted once the massive Tengiz field comes on stream; coal production of around 130m tonnes has suffered less disruption than elsewhere. Big grain producer.

Political stability is medium to high - as President Nursultan Nazarbayev runs the state carefully.

Legislation: efforts to move rapidly towards the market.

● **BELOARUSSIA:** population 10.8m; area 206,000 sq km. The third of the Slav republics has almost no oil, gas or coal production but is relatively rich agriculturally - especially in beef - and has large petrochemical and engineering sectors.

Political stability: medium to high. A relatively homogeneous population, like Ukraine, it is planning its own currency. Tax exemptions promised to companies with more than a 50 per cent foreign shareholding.

● **UZBEKISTAN:** population 20m; area 447,000 sq km. The largest of the Central Asian states has a little oil and some gas production, low output per head and is largely dependent on its cotton.

Political stability: medium to low. Politics has been tightly controlled, and a prey to corruption.

Legislation: little drafted.

● **TAJIKISTAN:** population 5m; area 143,000 sq km. With no energy production and an ill-developed industry, it is the least promising of the states economically.

Political stability: medium. Its authorities have hardly changed, except in name, from the days of party rule: some anti-Russian demonstrations.

● **KIRGIZIA:** population 4.4m; area 199,000 sq km. No energy production, and its industries are mainly based on its relatively good agricultural sector.

Political stability - medium to good. Under its new president, Mr Askar Akaev, the tone is much more liberal than in the other Central Asian republics.

● **TURKMENISTAN:** population 3.6m; area 498,000 sq km. It has some oil and gas production, with a large cotton crop.

Political stability is medium: legislation on private enterprise is based on the former Soviet model.

● **AZERBAIJAN:** population 7.1m; area 87,000 sq km. A large oil and gas production and a relatively well-developed industrial sector. The largest of the three Caucasian states, and the only one which is Moslem.

Political stability: medium to low. The central fact of its political life is the Armenian-dominated enclave of Nagorno-Karabakh, near its border with Armenia.

Legislation on private enterprise and on granting oil concessions to foreign companies is on the statute books.

## Trade among republics

	Exports to republics (% GDP)	Exports outside USSR (% GDP)
Russia	18.0	8.8
Ukraine	21.1	8.7
Belarus	28.6	6.5
Uzbekistan	43.2	7.4
Kazakhstan	38.9	3.0
Azerbaijan	38.7	3.7
Armenia	33.7	1.4
Tajikistan	41.8	3.8
Georgia	53.7	3.9
Moldova	62.1	3.4
Turkmenistan	59.7	4.2
Kyrgyzia	59.2	1.2
Estonia	65.5	7.4
Latvia	64.1	6.7
Lithuania	60.9	5.9

\*GDP = net material product (GDP excluding most services)

prizes and on granting oil concessions to foreign companies is on the statute books.

● **ARMENIA:** population 3.8m; area 30,000 sq km. Its people were victims of massive pogroms before the first world war; more than 30,000 died in the 1988 earthquake. No energy production but relatively advanced industry around the capital, Yerevan.

Political stability: medium. Under President Levon Ter-Petrosian, a leader of the nationalist movement, Armenia has returned to its traditional posture of friendship to Russia.

Legislation - pro-market laws adopted and pending.

● **MOLDOVA:** population 4.4m; area 34,000 sq km. Made up mainly of ethnic Romanians, many of whom wish to join neighbouring Romania. It is rich in wine and agricultural production, but backward in industry.

Political stability: low. Its large Russian minority is fiercely opposed to the nationalist government.

● **GEORGIA:** population 5.4m; area 70,000 sq km. Some coal production, but its industry is backward. Strong in wine, vegetables and fruits.

Political stability: very low. Civil war rages in its capital, as the President Zviad Gamsakhurdia is under armed attack from an opposition which acts in the name of democracy.

Legislation - much prepared on a transition to the market, but the real direction was towards taking the economy into state hands.

● **ESTONIA:** population 1.6m; area 45,000 sq km. The smallest of the former Soviet states, and one of the most advanced: it has a cognate language with Finnish and now almost a common labour market.

Political stability: medium. Its government has been under attack from radicals, but democratic practices are relatively well embedded.

Legislation: a raft of laws on the market, including laws aimed at returning land to previous owners.

● **LATVIA:** population 2.7m; area 65,000 sq km. The most urbanised and ethnically mixed of the Baltic states, with only about half of its people Latvian. Its industry is well developed, as is tourism.

Political stability - medium: large Russian minority has complained bitterly of discrimination.

Legislation is aimed at attracting foreign investors, giving them equal rights with Latvians.

● **LITHUANIA:** population 3.7m; area 65,000 sq km. Like the other two Baltic states, it has a good industrial sector but no energy resources; it also has a large agricultural sector.

Political stability - medium: the nationalist government under Mr Vytautas Landsbergis is now losing some support.

Legislation has been aimed at rapid privatisation of enterprises.

# 'Undeclared war' threat to Azerbaijani independence

Gillian Tett on the Nagorno-Karabakh dispute

**O**UT on the tarmac at Azerbaijan's Baku airport, a team of workmen is celebrating Azerbaijan's independence in paint. The Aeroflot aircraft fleet is being repainted in Azerbaijani colours and wobbly signs that read "Azerbaijani Airlines".

Their handwork is only the most visible sign of the pride that this volatile, Moslem republic - formerly one of the most conservative in the Soviet Union - now feels in its new freedom from Moscow. For as Azerbaijan goes to the polls tomorrow in a referendum on its earlier declaration of independence, few expect the vote to be anything other than an overwhelming confirmation of Azerbaijan's determination to stand alone within the Commonwealth.

"Our population now is determined to be independent in every sense," says Mr Edgar Namazov, an Azerbaijani political scientist. "We see no other option."

But whether Azerbaijan can survive independently is uncertain. Although the republic is blessed with a rich array of natural resources such as oil, it is dogged by the long, bloody dispute over Nagorno-Karabakh - a dispute that has often been cited as one of the compelling illustrations of the inter-ethnic violence that could dog the break-up of the Soviet Union.

In the last four years the conflict - or "undeclared war", as the Azerbaijanis term it - has cost over 1,000 lives, as armed groups of Armenians battle with equally well-armed groups of Azerbaijanis for control of the enclave, which is in Azerbaijan but claimed by Armenia.

In recent weeks the conflict has been growing. After an Azerbaijani helicopter crashed this month, killing 23 people - including the Azerbaijani interior minister and Russian and Kazakh peace negotiators - Azerbaijan suspended the autonomous status of Nagorno-Karabakh, imposing direct rule on the defiant enclave.

This, coupled with its provocative decision to impose a further economic blockade against Armenia, has provoked a bitter reaction from the

Armenians. They have insisted that the crash was an accident. Azerbaijanis remain grimly convinced that they are the victims in the conflict. There is great bitterness in the republic against the perceived pro-Armenian bias in the Soviet and western media. Many believe the Armenians were previously supported by Moscow - a charge the Armenians themselves have levelled against the Azerbaijani groups who have attacked Armenian villages.

It is the centre which provides the "peacekeeping" forces in the region. Azerbaijan's preoccupation with Nagorno-Karabakh is threatening to eclipse other areas of badly-needed reforms.

Although Azerbaijan has always had a thriving private or black-market economy, reform of the state-run sector of the economy has barely started. Discussions are under way about the preparation of a separate currency, but these are as yet only tentative.

"Even if countries wanted to give Azerbaijan credit, it is difficult to know who to give it to. It still has no proper financial structures," commented a government official from neighbouring Turkey - a country which has expressed a strong economic interest in Azerbaijan, as they share close cultural and linguistic ties.

Azerbaijanis themselves remain optimistically convinced that although much of their rural population is officially calculated to be living below the poverty line, the republic is sufficiently well endowed in natural resources to survive alone.

Since August, the republic has taken control of its oil production, officially claimed to be 14m tonnes a year. Although there is some political opposition to foreign involvement in oil production, negotiations are under way with western oil companies, notably Amoco, for the exploration and development of the big oil reserves under the Caspian Sea.

But Azerbaijanis recognise that attracting foreign investment, or building up a stable economy, will be difficult while a quasi-civil war rages in their territory. A solution to the conflict seems as far away as ever.

President Muttalibov took over armed forces

voiced this conflict," says Mrs Lella Yunusova, leader of the Social Democratic party, one of the many opposition parties. She believes that in spite of the Soviet Union's demise, centrist forces in the union are still reluctant to lose control of the oil-rich and politically strategic republic on the Iranian border.

Opposition groups insist the Nagorno-Karabakh problem can be solved only if the Soviet army withdraws.

In a move designed to appease the nationalist forces - and strengthen his own, somewhat authoritarian, political hand - Mr Ayez Muttalibov, Azerbaijani president, recently proclaimed himself commander-in-chief of the forces on Azerbaijani territory. But as yet the Azerbaijani leaders seem reluctant to demand a full withdrawal of the troops, apparently fearing the conflict would spiral uncontrollably if this happened.

"We can't have an independent government without an army, but it will take several

years before we have an army strong enough to protect ourselves," says Mr Ragim Kuliev, deputy interior minister, admitting that the cost of maintaining such an army would present "a big problem" for the Azerbaijanis.

But their hand may be forced. Although the structure and funding of the Soviet military is still undecided, pending Monday's meeting of the Commonwealth in Minsk, Russia seems unwilling to pay the bill for the "peacekeeping" forces in the region. Azerbaijan's preoccupation with Nagorno-Karabakh is threatening to eclipse other areas of badly-needed reforms.

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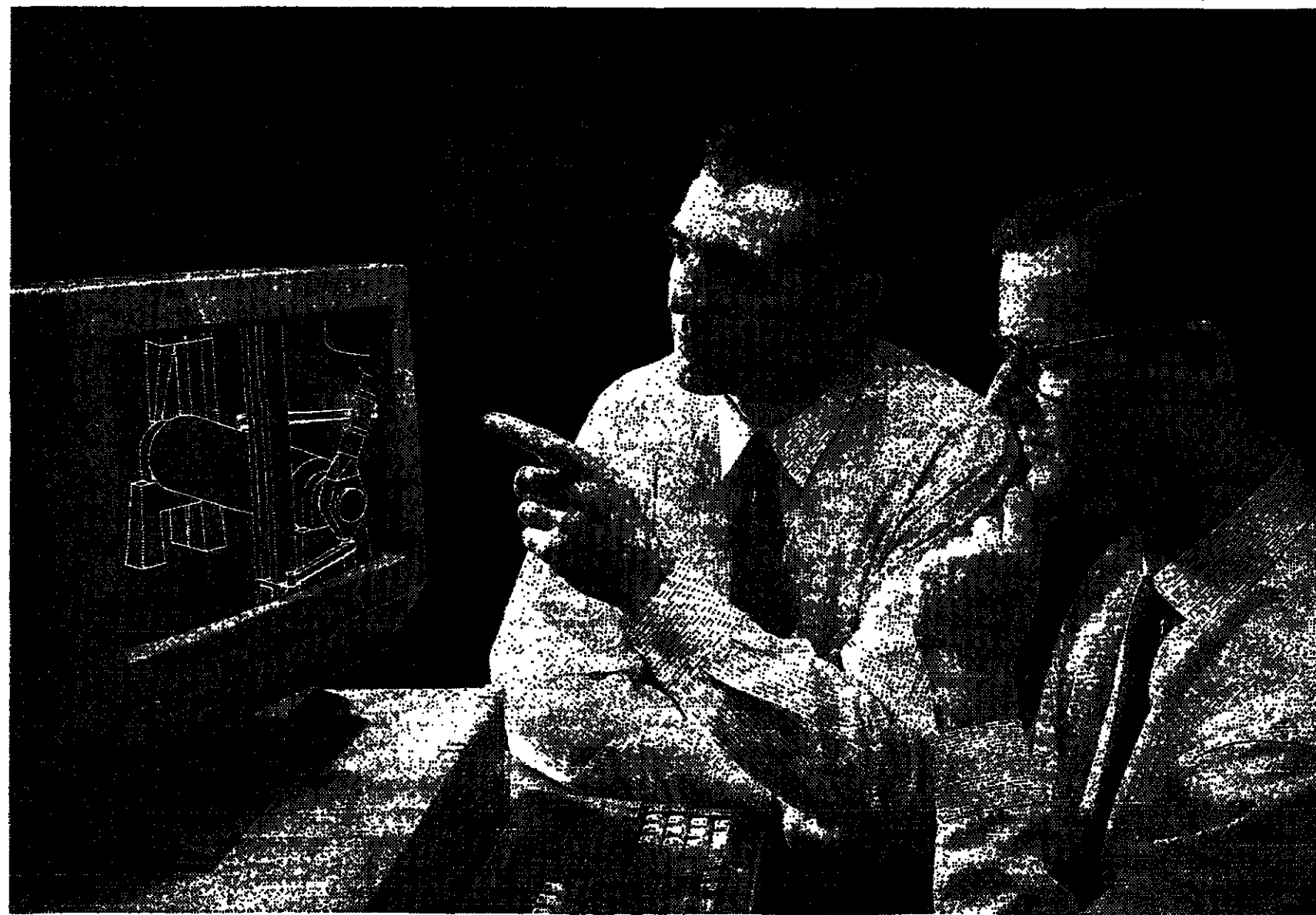
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## UK NEWS

## Action is urged on 'bogus' pricing

By Ivo Dawnsay, Political Correspondent

THE government must end months of delay in tackling misleading advertising of retail or mail order "bargains", Labour said yesterday.

As the winter sales begin, Mr Gordon Brown, the shadow trade secretary, demanded immediate steps by the department of trade and industry to tackle "bogus" claims.

He said companies were continuing to use marketing techniques that breach a government Code of Practice established under the 1989 Consumer Protection Act.

These include offering sharp reductions in "recommended retail prices", phoney introductory offers and other unsubstantiated claims of special deals for shoppers.

"With Britain now in the age of the permanent sale it is imperative that new regulations are introduced immediately," he said.

Mr Brown said the recommendations of the DTI monitoring committee on misleading price claims should be adopted forthwith to outlaw the activities of unscrupulous traders.

He said many shops carried signs such as "Everything 25 per cent off" when in reality only some prices are cut. Introductory offers were often continued for months.

The DTI committee's report said a clear majority of its members found "significant problems" in the retail industry and believed regulations should now be introduced to enforce the so-called 28-day rule that requires full prices to be charged for a month before a cut in prices can be claimed.

"At present, the law says the pre-sale price must be on offer for 28 days, but chain stores can offer the higher price for 28 days in one remote store then advertise a national sale," Mr Brown said.

The committee also unanimously accepted that wholesale revision of the code was necessary, though a minority believed aspects of the system should be allowed more time to bed down before they were finally assessed.

## Healthy sales business reported despite slow start

By John Thornhill

THEY WERE scrabbling for the savings in Liberty and Lining for the lingerie at Selfridges yesterday, as this season's bargain-hunters in the west end of London seemed to display a less frenetic zeal than in previous years.

As many of the big retail groups opened their doors for their "January" sales yesterday, many shoppers appeared to have stayed away.

There were a few hardy souls sleeping in the doorways in the hope of being first in the queue for a special bargain. The early-morning crowds seemed sparse.

Perhaps the unprecedented wave

of pre-Christmas discounting had dampened their ardour or maybe the recession was still rattling the confidence of the spending classes. But trade did pick up as the crisp winter's day continued.

"I don't know what happened to the recession," said a bemused ticket inspector at Bond Street underground station watching the crowds flood through at midday. "This is about the busiest I have ever seen it."

The big stores which started their sales yesterday such as Selfridges, Liberty and Debenhams reported healthy trading.

Mr Tony Salem, retail managing director of Liberty, the Regent Street fashion house, said: "The store is absolutely seething with a mass of humanity. It does surprise me but it is very, very encouraging."

"We were a bit nervous because so many people began their sales before Christmas and we thought that that might hurt us. But it has not done so in any shape or form."

He added that sales at its smaller branches throughout the country were also experiencing a strong surge. "We took a reading at 12 o'clock and our smaller stores were 30 per cent up on last year," he said.

Trading outside London generally appeared strong. The Arndale Centre in Manchester reported very buoyant trade yesterday.

Selfridges, the Oxford Street department store and flagship of the Sears retailing group, had experienced slow trading before Christmas apart from a hectic last two days. Yesterday the company estimated that 150,000 shoppers had come through its doors - about one third up on last year.

How much they chose to spend was another matter, although a spokeswoman commented that "shoppers were clutching lots of car-

rier bags and not just wandering around aimlessly".

She added, "People have been very cautious buying Christmas presents but seem to be making up for it in the sales."

There was a similar story from Daks Simpson, the upmarket clothing group in Piccadilly. The Japanese-owned store reported a "very promising" start to its sale with trade up on last year. However, sales before Christmas had not been "as chaotic as they normally are".

Debenhams, the department store group which was heavily discounting before Christmas, formally

began its sale yesterday. But it was unable to make any comment about trading because the company's press officers, unlike its busy shop assistants, were not at work.

But although the winter sales might allow retailers to shift unwanted stock and raise the cash needed to keep their banks sweet, few seem to believe it will bring more than temporary relief.

"The problems for us are more likely to come in 1992 than 1991. The recession that is now spreading to Japan and the pending election will make life very difficult for us," said Mr Salem of Liberty.

## Lincolnshire nears university decision

By Paul Cheeseright

LINCOLNSHIRE County Council will shortly select one of six higher educational institutions to help it set up a new university in Lincoln.

Mr Arthur Ridings, the county's director of education, is preparing a report evaluating the competing claims of the six institutions and setting out the conditions necessary to establish the university.

The six institutions are: the Open University, the universities of Hull and Nottingham, and the polytechnics of Humber, Leicester and Nottingham. During the autumn and early winter, they gave public presentations of their case.

Mr Ridings said that a common feature of the presentations was that "irrespective of the route forward, the end point is a near certainty that a university college of Lincoln could be established".

The most likely approach will be the establishment by one of the six competing institutions of a university college based on one of the county's colleges of higher education. This phase of the development could start as early as next year.

The scheme would then be expanded with the aim of developing into an independent university by the end of the decade.

Lincolnshire's moves towards a university originated with the Confederation of Brit-

ish Industry. In 1980 county business leaders floated the idea of a private-sector university, similar to the University of Buckingham. It was seen as a means of fostering economic development in a region still dependent on agriculture and food processing and with few industrial centres.

The idea was taken up by the county and has broadly based political and community support. The notion of a private-sector university has been dropped in favour of an institution in the mainstream of the British educational system.

Since last summer the county's education committee has been searching for a higher educational institution to help it realise the plan.

The main problem will be finance. Hull University has estimated that start-up costs of a university college could be £35.5m excluding the land. The total could be less if existing buildings owned by the county council are used.

Although the Higher Education Funding Council, which provides the bulk of the finance for British universities and polytechnics will be asked for funding it seems likely that up to half the money will have to come from other sources.

Lincolnshire County Council is in a stronger position than most authorities to provide funding, since it is one of the few debt-free local authorities in the UK.

## Safeway group steps up move on petrol sales

By John Thornhill

ARGYLL Group, the food retailer that runs the Safeway supermarket chain, has hired an oil trader in Rotterdam to supply its petrol needs.

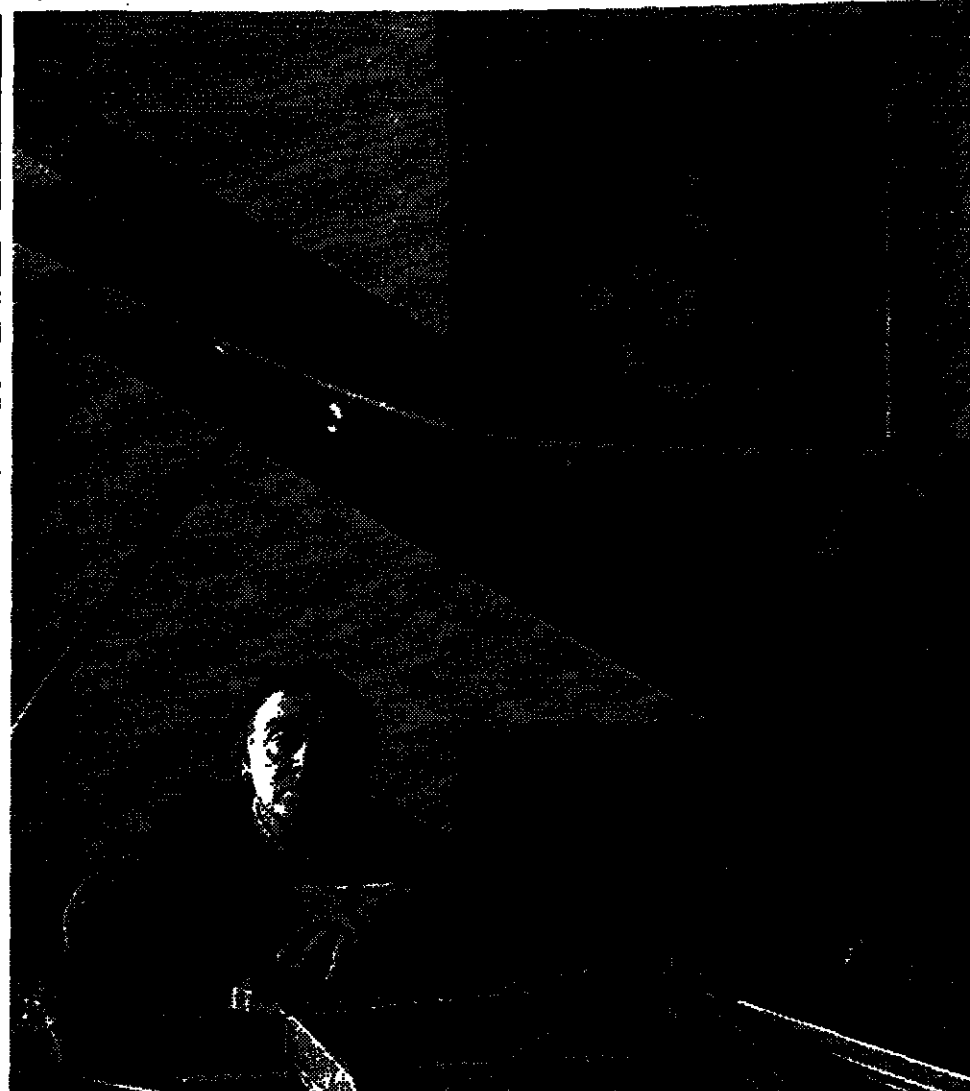
The move will give the company greater flexibility to buy oil at competitive prices and indicates the increasing strength of the supermarket chains in retailing.

Argyll previously bought its petrol through the big oil companies but they have become increasingly reluctant to supply the large supermarket chains, fearing they are encouraging direct competition with their own outlets.

Safeway entered the petrol retailing market later than rivals such as Tesco and Asda, but most of its newer stores now boast a filling station. By March it will have 30 such stations. Petrol accounts for less than 1 per cent of group turnover but is seen as an important factor in winning customers.

Argyll's total sales in its last full financial year were £4.75bn.

A recent survey by Mintel, the market research company, found that the big supermarket chains had increased the numbers of petrol stations from 270 at the end of 1986 to 443 in 1990. Tesco had 115, Asda 83, and J Sainsbury 58. The supermarkets had more than 2 per cent of all stations in the UK.



Grand finale: at 61, Mountleigh's founder Ernest Hall is embarking on his fourth career

## Multimillionaire finally finds the keys to success

LIFE is becoming pleasantly challenging again for Mr Ernest Hall, one of northern England's richest and most successful businessmen, who has emerged as a concert pianist at the age of 61.

He would have liked to have done it earlier, but he had to make a living - first as a supplier of fancy women's textiles to London's Carnaby Street in the 1960s; then as founder of the Mountleigh property group; and after that as developer of Dean Clough, a complex of derelict carpet mills in Halifax, West Yorkshire, which has become an archetype of urban regeneration.

His fourth career breakthrough came last Christmas when he made his debut with the Halle Orchestra in a series of concerts.

In the spring, he played with the English Northern Philharmonia, the orchestra of Opera North. In the summer it was a Mozart concert with Vanya Milanova, the Bulgarian violinist. He has just recorded another concert for the BBC and is rehearsing Bartok and Ravel for the new year while preparing for his biggest project to date - recording the complete works of Chopin.

As a boy, he had shown early promise as a pianist, performing in wartime music halls, and the Royal Northern College of Music in Manchester followed. But working-class realities at home - his family were weavers in the textile

industry in Bolton, Lancashire - meant he had to get a job. He started in the office of a small, family-owned Lancashire mill, where he became managing director at 27. He borrowed £5,000 to buy shares in the business, eventually bought it out and took on a young assistant named Tony Clegg.

The business grew rapidly by selling its worsted woollen cloths direct to the boutiques of Carnaby Street, breaking the established pattern of marketing through middlemen. Mr Hall took Leigh Mills, a quoted company, and turned it into the Mountleigh property group.

In 1983 he was chairman of Mountleigh and fed up with corporate life. Mr Clegg, his joint managing director, wanted to expand further and, although Mr Hall remained a large shareholder, he gradually sold some of his shares over the years.

He bought Dean Clough Mill, 16 redundant Crossley carpet mills in Halifax, and in nine years has put in £30m - some of it from his retained Mount-

leigh holdings, some raised in the money markets. Nearly all the 1.25m sq ft of capacity is back in use, and more than 200 companies employ over 3,000 people at Dean Clough.

Because of Dean Clough, Business in the Community (BIC) - the charity promoting corporate involvement in social and economic development - chose Halifax in 1986 for its first experimental one-town partnership where public and private sectors work together on regeneration.

Nearly three years ago, with Dean Clough established and demanding less of his time, Mr Hall stepped up his piano playing to see if he could fulfil his larger musical ambitions. He could afford grand pianos - an improvement on the secondhand upright model his parents bought him for 30 shillings when he was a child.

He earns fees ranging from a few hundred pounds to "well into four figures" while he gives to northern charities.

He is planning a long career. In 1949 the Royal Northern College picked him to play 12 Chopin études at a Manchester concert to mark the centenary of the composer's death.

"My secret ambition is to play the same études in 2010 on the 200th anniversary of Chopin's birth," he said yesterday. "I shall then be 80 and will be able to say that I have made up for lost time as a pianist."

## CBI officer hopeful of recovery

BRITAIN is better placed than any other country in Europe - including Germany - to make a success of 1992, Mr Clive Thompson, chairman of the south eastern region of the Confederation of British Industry, said yesterday in a new year statement.

"The problem is we have too many Jeremiahs," said Mr Thompson, chief executive of environmental and property services group Rentokil. There was talk of the UK going backwards into Europe, and doubts about the economic recovery. "Yet inflation is down, interest

rates are down, and there is no other nation in the world with greater stability."

"What we need now is positively to encourage industry and commerce to have greater confidence in the future, invest in training so cutting unemployment, and further improving our economy and standards of living," he said.

CBI members in the north-west want higher depreciation allowances on plant and machinery and government spending on training maintained in 1992, Ian Hamilton Fazey writes.

In a new year message to members, Mr Harry Tuley, chief executive of Scape group and CBI regional chairman, says sterling should enter the narrow ERM band soon.

The north-west - the UK's biggest region after London and the south-east - is one of the few areas where manufacturers have not cut training budgets significantly during the recession, Mr Tuley says. Many industrial leaders are on the boards of local training and enterprise councils and are committed to improving their skills base.

## Railway explosion ends IRA ceasefire

TRAIN SERVICES between Belfast and Dublin were disrupted yesterday because of a bomb near Newry station, south Armagh.

The explosion just after midnight marked an end to the IRA's 72-hour Christmas ceasefire. No one was hurt but the cross-border line between Newry and Poyntzpass was closed while searches were carried out by the security forces.

In Belfast, IRA gunmen fired on troops near the Northern Ireland high court building. There were no casualties.

## Labour attacks fuel trade deficit

BRITAIN'S fuel trade deficit is likely to be 22.3m tonnes this year, Mr Frank Dobson, shadow energy secretary, said yesterday. This compares with a 54m tonne surplus in 1987.

Mr Dobson said: "This shameful deficit is the product of a decade of depletion. Unlike our EC partners, we were self-sufficient in fuel until 1980. With reserves of coal, oil and gas, it takes a perverse genius to get us into this position."

The value of Britain's fuel trade had declined from a £6.12bn surplus in 1985 to a deficit of £740m this year.

## Major defends EC opt-out clause

THE prime minister yesterday claimed that social provisions proposed at the European Community's Maastricht summit would have forced part-time workers in Britain to pay national insurance contributions had he not won agreement to an "opt-out" clause.

Mr John Major wrote to Mr Neil Kinnock challenging the Labour leader to support his stand against the measure which, he said, would have meant 1.75m workers paying contributions for the first time.

## Baker rejects need for ID cards now

MR Kenneth Baker, home secretary, yesterday said there was no immediate need for the issuing of identity cards to control immigration but it was "the sort of measure we must always keep under consideration".

He said on BBC Radio 4 that the movement of people within the European Community and the world would be the big issue of the 1990s. "People want to move around the world for all sorts of reasons, mainly economic, and there are tremendous pressures building up."

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Mitsubishi Oil Company, Limited. Dated: 28th December, 1991

WORLD INDICES			
London 14:36		New York 09:36	
INDEX	CUR	INDEX	CUR
FT-SE	2479.1	FT-SE	2479.1
FT-30	1948.3	FT-30	1948.3
N5225	24082.26	N5225	24082.26
TOPIX	1861.85	TOPIX	1861.85
NIKKEI50	1386.36	NIKKEI50	1386.36
NOODMODITY	122.592	NOODMODITY	122.592
HANGSENG	3593.0	HANGSENG	3593.0
DRX	1683.0	DRX	1683.0
COMMERZB	2000.6	COMMERZB	2000.6
CAC40	1798.1	CAC40	1798.1

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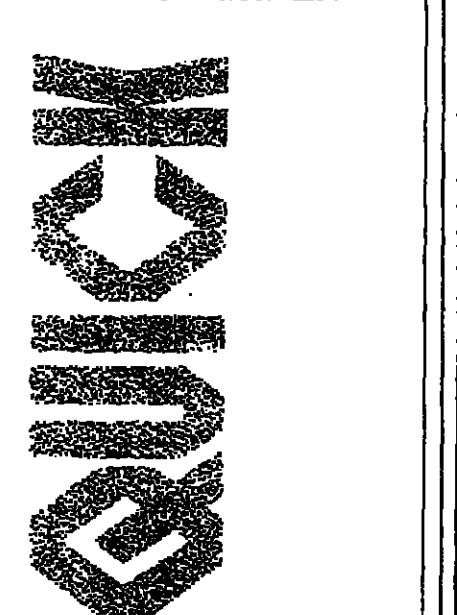
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**FINANCIAL TIMES**

**Fears over L office**

By Vanessa Houlden, Press

OFFICE FEAR in the heart of London has been spreading, according to a survey by a leading research company. For APR, which is a leading research company, does not herald a cycle of recovery. The huge supply of demand of traditional office space is being replaced by new office space. The demand for office space is being replaced by new office space. The demand for office space is being replaced by new office space.

**Manufacture move to C**

ADVANCE from manufacturing firms that organisations should shut down full-time workers and replace them with part-time workers. The move is largely being rejected by manufacturing firms. The move is largely being rejected by manufacturing firms. The move is largely being rejected by manufacturing firms.

**GL F**

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## Fears remain over London office market

By Vanessa Houlder, Property Correspondent

OFFICES rents in the better parts of London have stopped falling, according to Applied Property Research, an independent research company.

But APR warns that this does not herald a cyclical recovery. The huge imbalance between the supply and demand of offices will break landlords' traditional dominance of the market, allowing tenants to demand shorter, more flexible leases.

Mr Geoff Marsh, managing director of APR, said: "A profound change is taking place in the operation of the London office market, which has enormous importance for all companies which operate in that market, in whatever role."

APR calculates that almost 40m sq ft of central London offices is vacant. Contrary to common belief in the property industry, only a third of available space is second-hand space that might be unsuitable for occupation. Just 3m sq ft of new space was let this year.

APR blames rigid leases for the poor take-up, arguing that many occupiers are locked into long contracts. "Conventional lease structures are inflexible and are the biggest single obstacle to getting the letting market moving again."

It calculates that developers have put forward proposals for more than 100m sq ft of new buildings which, if built, would increase the office stock in central London by 50 per cent.

It believes that the majority of these developments will not be built. A maximum of 40 buildings of more than 10,000 sq ft will be started next year. "We all have some serious thinking to do about alternative uses," said Mr Marsh.

His report predicts a wave of mergers and failures for London's commercial agents with between five and 10 of the top 50 London agents gone by the end of next year.

Office rents are back to 1986 and 1987 levels, said the report. Top rent in the heart of the City have fallen from a peak of £55 per sq ft in 1989 to £40-£50 per sq ft for new space. In Mayfair they have fallen from £85 last year to £35-£55 per sq ft.

Rents for poor quality buildings and those in peripheral positions continue to fall. APR estimates that a new office building outside the most central locations will fetch just £15-£25 per sq ft during 1992.

End of the recession in the London office market? Applied Property Research, 97, St John St, London EC1M 4AS.

## Manufacturers reject move to casual staff

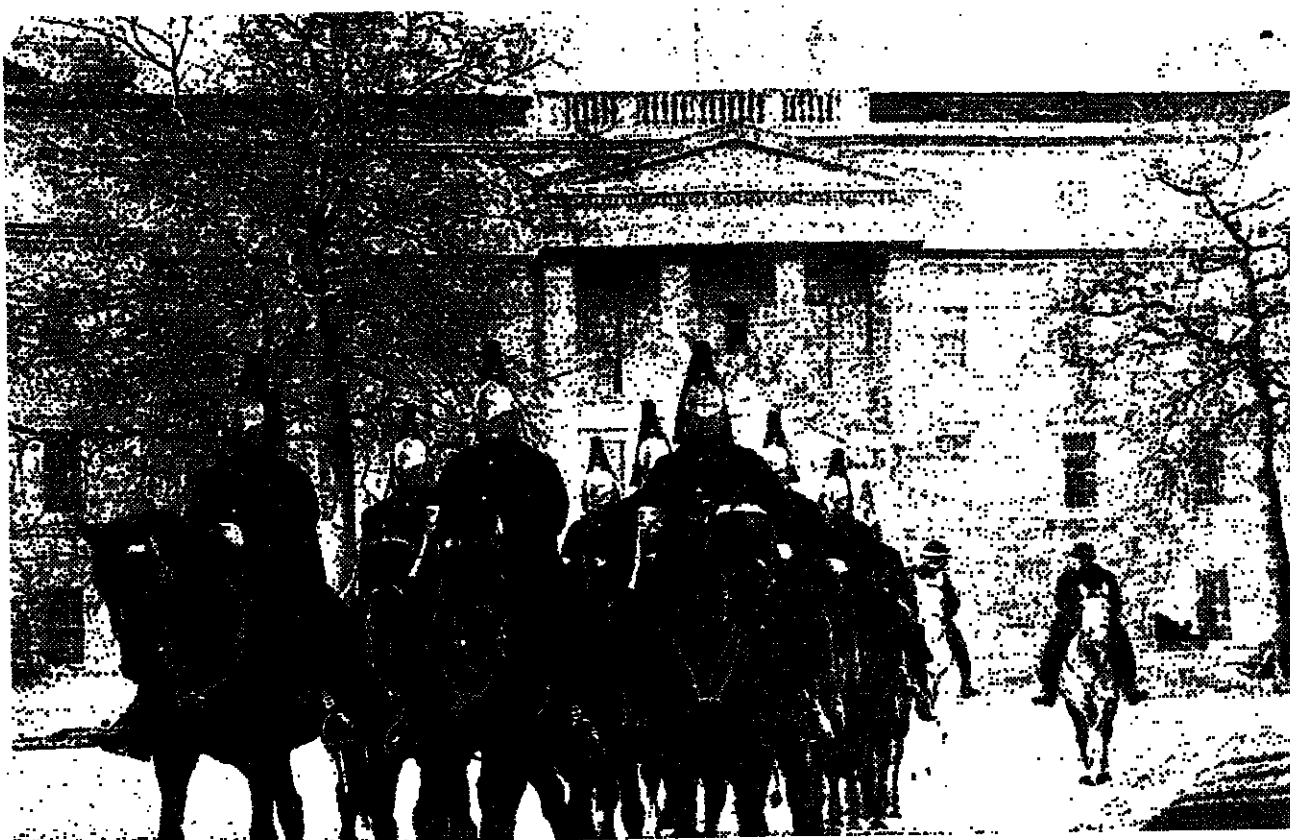
ADVICE from management experts that organisations should slim down full-time workforces and replace them with casual and part-time staff has largely been rejected in capital-intensive manufacturing industries, according to a study, Diane Summers writes.

A Lancaster University survey of working patterns in 24 paper mills concludes that most employment remains full-time. Labour relations also remain traditional. Most of the mills still recognise unions for collective bargaining.

Other capital-intensive industries such as steel, chemicals and glass are also likely to reject the move towards more casual staff.

The study says that in all these industries quality of output and continuity of production, which are seen as critical to competitive performance, can be achieved only when labour quality is stable.

Changing patterns of work in the contemporary British paper industry. Sociology department, Lancaster University, LA1 4YL, £35.



## Hyde Park hospital becomes luxury hotel

THE Lanesborough, London's newest luxury hotel, is due to open for business on Monday in the former St George's Hospital, an imposing 19th century building which overlooks London's Hyde Park.

The 58-bedroom hotel, developed at a cost of £100m, is owned by the Abu Dhabi Investment Authority and will be run by the Rosewood Corporation, controlled by the Hunt family and based in Dallas, Texas.

A listed building, it was the subject of controversy after the hospital closed in 1980. The closure was strongly opposed by health workers, and a group of staff occupied the building.

In 1982 the freehold on the southern half of the site reverted to Grosvenor Estates, its original owner, at a price fixed in 1906 - £22,700.

The government's decision not to contest the covenant under which the reversion took place, led to protests that the taxpayer had lost benefits worth more than £15m.

The first building on the site

was Lanesborough House, which was built about 1720 by Viscount Lanesborough, an Irish peer.

It was not his main residence - he was said to have detested commuting so much that he kept a town house even closer to Westminster.

The house was later converted into a hospital for the poor, and the present building - designed by William Wilkins of the National Gallery - went up on the site in 1829.

A hotel was proposed for the site in 1913, and a teaching hospital in 1929, but in both instances the outbreak of war saved the building.

The Lanesborough said it expected most of its customers to be American executives. It denied that this is a brave or foolish time to be opening a new luxury hotel. "It's better than last year. There's no war," it said.

Rooms are £220 a night (double) and £190 (single), with a six-course New Year's Eve dinner for £195 a head.

Picture by Colin Beere

## Restaurants take hammer blow

Nicholas Lander sees little interest for struggling licensed premises

described one restaurant in the Isle of Wight, currently painted pink, as worth at least £20,000 more with a different coat of paint) buyers were reluctant to match the reserves. The only successful bidder at the auction paid £100,000 freehold for a former Whitbread pub in London's east end, which until last week had squatters.

Although slightly disappointing on the day, the auction did yield some results. In the previous week four properties due to be auctioned were sold by private treaty, one to a purchaser who had been procrastinating for six months and eventually paid £20,000 more than the reserve price. A fifth property was sold 20 minutes before the auction began; two more were exchanged after the auction closed, and a further six reasonable bids materialised once the auctioneer had packed away his gavel.

Christie and Co's directors hope this type of auction will stimulate demand. There are no shortage of suitable premises. A second auction is planned for late next month with 34 properties entered, and a third for the end of February. Christie and Co, which derives its income from commission on completed sales, hopes that this first auction will instill some realism into the market.

The restaurant business certainly needs to find some confidence after what has been a traumatic year. Figures recently released covering those who have fallen into receivership or administration in the hotel and catering trade to November 1991 show an annual increase of over 100 per cent in the past year. Although the actual number in receivership is small compared with those in manufacturing, the percentage increase is the highest of any trade.

Among the most obvious reasons are the recession, the Gulf war, over-borrowing, over-enthusiasm, a lack of professionalism, and a general failure to cut costs and menu prices. This year even that supposed expert, the restaurant critic, has been confounded. No favourable review this year has guaranteed financial success.

Even those with an established record and cash flow from more than one restaurant have suffered. During the 1980s Mr Amin Ali had a beneficial influence on the quality of Indian restaurants in London and owned two himself, the Red Fort and Jamdani. For the past three years he has battled to open the first Indian restaurant in Moscow. Mr Ali had the support of Lord Young when he was at the Department of Trade and Industry, local support from the British Embassy in Moscow, and the backing of a London merchant bank. Mr Ali was so determined he even beat off Pierre Cardin for the site.

But by this summer, after spending more than £250,000 of his own money, he was over-

taken by politics in Moscow and the recession among his former media and advertising clientele in London. The cash flow in his original restaurants was so badly threatened that by late November he was forced by his banks to sell Jamdani to former students of Mr Raymond Blanc. Financially, Mr Ali is back to where he was eight years ago.

Many suppliers to restaurants and hotels have also suffered. Most are waiting an average of three to four months for their invoices to be settled but those who were supplying Town and County, the outside catering company which held the contract for the Wimbledon championships and operated the Belvedere restaurant in Holland Park, London, which opened in July, are not so lucky.

Although the restaurant is still operating, and Town and County has now been bought by Forte, the holding company's demise has left one whole-

sale butcher with debts of £140,000, two fruit and vegetable suppliers owed £80,000 and £35,000 respectively and a fish merchant chasing £18,000 in unpaid invoices.

Although Mr Andrew Whiteford, director of the restaurant division at Christie and Co, has been busy since the first auction was mooted - more than 12,500 catalogues were sent out to interested buyers - he believes that the bottom of the market may still be two to three months away.

While Christmas could provide a lifeline for a number of hotels and restaurants throughout the country, if takings do not improve quickly Mr Whiteford expects his telephone to be even busier in the new year.

Nevertheless the auction did reveal that in spite of the trade's financial suffering this year, there is still a sense of humour. Introducing Lot 11, a large hotel in the Midlands, the auctioneer explained that the receivers, Touche Ross, had stipulated a condition of sale: the buyer would be obliged to provide the receivers with overnight accommodation from time to time free of charge.

There was not even a single bid.

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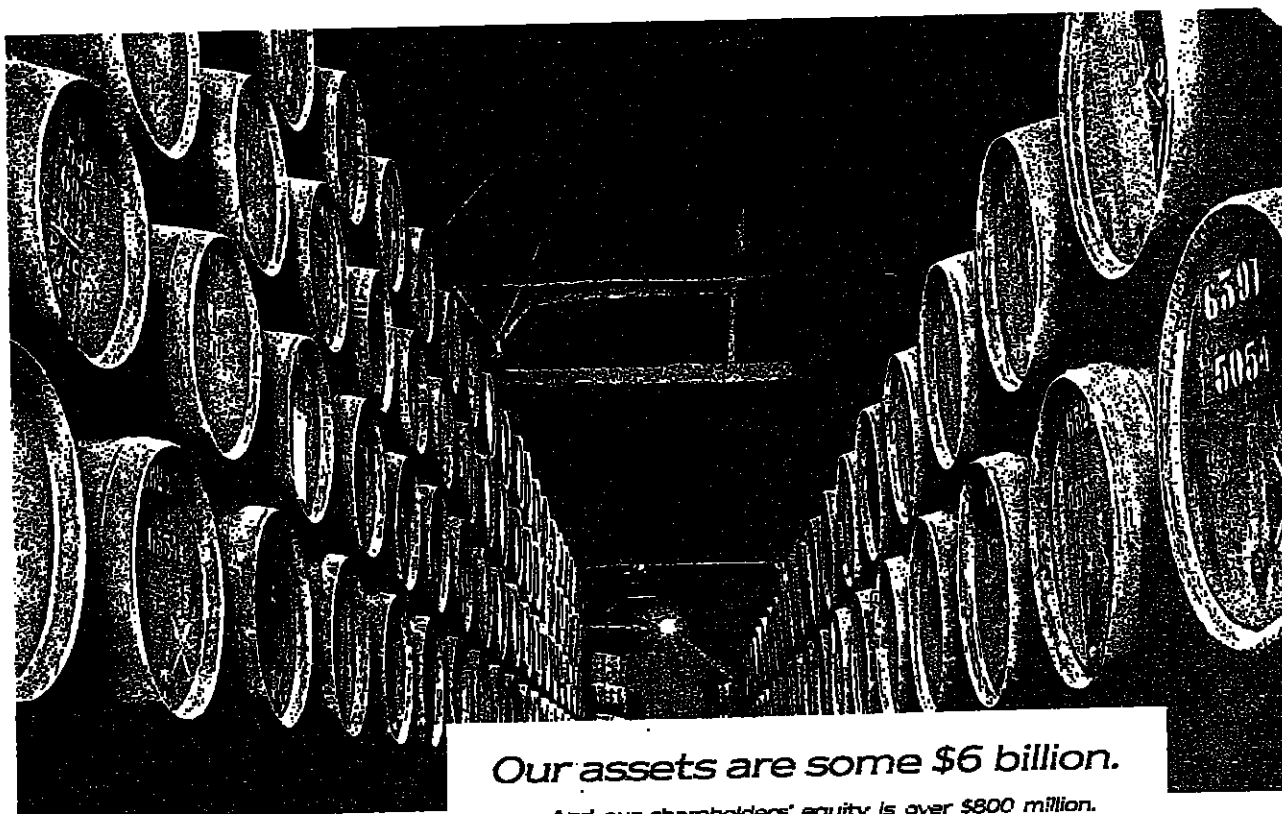
On Wednesday, you'll find top management positions on offer, both financial and non-financial. We also take our weekly look at Business and the Environment.

In Thursday's FT, we focus on, among other things, Marketing and Advertising, Accountancy and the law as it affects business. On Friday it's the turn of Industrial and Commercial Property.

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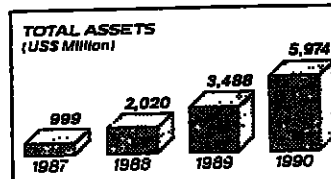
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## FINANCIAL TIMES

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Weekend December 28/December 29 1991

Still more  
cold turkey

MOST FINANCIAL market players around the world will have spent this week taking a well-earned rest. The unexpected combination of a full percentage point cut in US interest rates and a ¼ percentage point rise in German rates certainly lived up to the last few working days before Christmas. But the markets can expect further storms following this Yuletide lull. The full effects of these divergent trends in world interest rates will take months to blow themselves out.

Indeed, the turbulent state of America's domestic economy has continued to reverberate around global equity markets this week. The Dow Jones Industrial Average has gained more than 5 percentage points since last Friday, dragging London and Tokyo with it. The FTSE 100 index closed up 1.2 per cent on the week, although it failed to recover the losses of the week before. The Nikkei, by contrast, stands 3.9 per cent up on a fortnight ago.

It would be a mistake to read too much into this flurry of stock market activity. Trading around the world was light. Yet it would also be rash to dismiss last week's market movements as mere Christmas frivolity. The policy moves of the previous week, combined with some economic news, will affect the outlook for the world's economies in 1992.

Wall Street certainly needs some good news. The ratio of US share prices to corporate earnings is now only slightly below its peak before the 1987 crash. Yet the markets appear to believe that the latest interest rate cut will revive US corporate earnings. The bleaker interpretation is that Mr Alan Greenspan has cut the US discount rate to its lowest level since 1964 because he now genuinely believes there will be a double-dip recession.

## Political pressure

Alternatively, he may have cut rates to head off the political pressure for a fiscal growth package. The danger is that a deficit-raising fiscal boost could actually depress activity by pushing up long-term interest rates.

Whether monetary policy alone can make sufficient difference remains doubtful. The discount rate has been cut six times since last December, with little impact on consumer spending. But there are encouraging signs. Growth of the monetary aggregates is beginning to pick-up while orders for durable goods in November unexpectedly rose by 1.2 per cent.

The problem for policy-makers in the US, Japan and the UK is that both the personal

My dear," Adam is said to have explained to Eve as they left the garden of Eden, "we live in an age of transition."

Human beings, since as far back as we know anything of their sentiments about the world around them, have been acutely sensitive to change. *Poma rei nova* means, wrote Herodotus. All is flux: nothing stands still.

Each generation tends to believe it is discovering a new world, unknown to its parents, and that the world it is handing on to its children is profoundly different from the one it grew up in: different, and usually worse.

Lucratus, who believed that the world had been wound up by the gods a long time ago and was gradually running down, produced a telling piece of evidence to support his argument. Ask any countryman: he will tell you how much harder it is to eke a living from the soil than it was in his father's day.

So one should beware. As we approach the end of the second millennium AD, we may be convinced that we live at a turning-point in world history, but who knows? Our grandchildren in 2050 may have the same sentiment even more strongly, and may look back on the previous 100 years as a continuum, "the old world order", in which 1991 was no more than a blip.

Two years ago, much ridicule was heaped on Mr Francis Fukuyama, an American political scientist then temporarily employed by the state department, because he claimed to discern "the end of history", and, indeed, that was a presumptuous phrase, derived ostensibly from a rather idiosyncratic reading of Hegel but partly chosen, one could not help suspecting, with an eye to greater publicity. (If so, it succeeded brilliantly.)

But Mr Fukuyama deserves high marks for bringing out his article in the summer of 1989, for it was only the rash of revolutions in eastern Europe later that year, and even more decisively the actual collapse of the Soviet Union this year, that reduced his main observation to a banality.

Which is that the ideology of political and economic liberalism, broadly identified geopolitically with "the west" in the last half-century, no longer faces a serious competitor, and that global rival, or, as the Anglo-German sage Sir Ralf Dahrendorf likes to put it, "there is no longer a systems debate".

Mr Fukuyama was able to make this observation when he did because the political upheavals which have occurred since in the former Soviet bloc were the consequence, predictable if not too widely predicted, of a slower but quite visible change in the intellectual realm. In Stalin's time millions of people all over the world believed in communism. They had seen the future and it appeared to work. Even Khrushchev may have believed it when he told the west "we will bury you". But by the end of Brezhnev's time no one believed this, perhaps least of all those whose job it was to make communism work in practice. They judged their success or failure by comparison with the west, and sought to justify the continuance of their system by arguments quite foreign to its original spirit, such as the preservation of political stability and social order.

That is still the case in China, though the Chinese leadership - helped, perhaps, by some pre-communist Chinese traditions - has so far had much greater success than its Soviet counterpart in harnessing the market as an engine of economic growth while keeping the communist superstructure in place as a mechanism of social control. It seems an artificial solution, and one suspects it will not last, in the sense that the lip-service paid to communism will become more and more obviously ritual even if there is no "revolution" to get rid of it at one stroke. The inter-

Edward Mortimer on the makings of a new debate on social organisation dominated by population, the environment and technology

Familiar novelties  
in a future order

esting question is whether, in the process, China will produce an ideological alternative to liberal capitalism which could become a new global model - particularly, perhaps, for those numerous Third World countries that are finding the much-touted Japanese/Korean/Taiwanese road to prosperity not only stony and painful but thoroughly elusive. If so, it is going to take time.

Meanwhile, Sir Ralf and Mr Fukuyama are right. There is at present no "systems debate" dividing the states of the world from each other, only an

enormous tangle of pragmatic arguments about the best thing to do in a given set of circumstances, intertwined with good old-fashioned conflicts of interest. And that is what made it possible for President George Bush, in the run-up to the Gulf war, to proclaim his grandiose-sounding objective of "a new world order".

The absence of a systems debate means there is no systematic blockage of international institutions by one bloc seeking at all costs to prevent another from gaining an advantage. These institutions can now be used, as they were designed, for a common attempt to tackle common problems.

Those two closely related new facts - the end of the Cold War and the consequent availability of global organisations for serious work - are the present moment's most obvious claims to be a historical turning-point. It is from them, almost inevitably, that current discussions of the idea of a "new era" begin.

On what one might call the establishment side, for instance, a conference was held at Ditchley Park in November on "world wide security: the quest for a new world order" - the object being, apparently, to draw up an agenda for the International Organisation for Security Studies in which they could be adapted to their new tasks.

On the opposition side - that is, the side of those who, without wishing to revive communism, do not regard the triumph of the west as an unmitigated blessing - we find "Paradigms Lost", a collection of essays by fellows of the Washington Institute for Policy Studies (the think tank of what was once the American new left) and its Amsterdam-based sister, the Transnational Institute, to be published in the new year. Their subtitle is "the post-Cold War era".

Yet both these new facts belong to what Marx called the "superstructure" of political institutions and ideas. And it would be wrong to suppose that all Marx's ideas have been consigned to the scrap heap along with communism. His insistence on the primacy of socio-economic factors in explaining political behaviour is still widely accepted, as much on the right as on the left. When we say that

we are at the beginning of a new era, most of us feel instinctively that our statement must refer to something beneath and beyond mere politics: to deep forces reshaping our whole way of life, and hence our way of thought.

Thus the Ditchley meeting was reluctant to confine itself to "security" issues in the traditional sense, or to tinkering with the UN and its specialised agencies. Many of those present felt that the novelty of the new world order must amount to more than that. Somewhat similarly, the IPS-TNI volume devotes only half

of its 12 essays to "global politics and security", the other half being taken up with "development, people and ecology". There is a strong sense that these are the real issues of the new era, while politics and security are just the baggage of the old.

So what are these deeper novelties? The first thing that will probably strike you about them is that they are not as new as all that. But don't dismiss them on that account. It is the very nature of deep social change that it does not happen overnight. It lacks the immediate drama of its political counterpart, or, to put it another way, it is in the political realm that the

most spectacular consequences of social change are eventually felt. So long as we wish to observe what is going on in the socio-economic structure, as opposed to the political superstructure, we must content ourselves with a more leisurely timescale - or at least one that seems leisurely, until the magnitude of the changes we are describing is grasped.

So the first of those changes already seems quite a hoary old chestnut: the world population explosion. It has been on the agenda as long as I can remember, i.e. since the 1950s. But the projections made now are, if anything, even more alarming than they were then. In 1950 there were 2.4bn people. There are now 5.2bn, and on the most optimistic assumptions the curve will not level out, towards the end of the next century, at much less than 15bn. Not everyone agrees that this is a problem, but that it constitutes a highly significant change seems indisputably familiar and obviously related to the first (though not necessarily in a simple way) comes the depletion of the earth's non-renewable resources, mainly by human consumption or destruction.

Again, some say this is less of a problem than is made out, that forecasts of natural resources have always erred on the pessimistic side; that human beings always understate their own resourcefulness and technical ingenuity. Maybe so. What seems hard to dispute is that this issue is moving up the global agenda fast, and may well come to dominate it in the course of the next decade.

Meanwhile, technology is transforming our lives in other ways. Many commentators have related the demise of communism to the development of information technology, which seems to make the manipulation of public opinion by a single authoritarian centre more difficult (or, if you prefer, makes it hard for states to halt the flow of information and ideas at national frontiers), while a computerised industry requires the development of a more highly educated and enterprising workforce which is likewise more resistant to political manipulation. One speaker at Ditchley actually spoke of an "information technology revolution", only the second in his view since the neolithic discovery of writing - and more important, therefore, than the invention of printing. Yet some say information technology is already old hat, and that it is from biotechnology that we must expect really revolutionary changes in the years ahead.

Again related to the last, and going back up to the point of junction between structures and superstructure, there is the worldwide reappraisal of the role of the state. Communism, it can be argued, was only an extreme version of the prevailing 20th-century view that society can be improved by planning and state intervention; similarly, its demise is only the most dramatic consequence of the general retreat from the idea of the rehabilitation of individual initiative and Adam Smith's "invisible hand" (the profit motive as the only reliable instrument of amelioration).

We have here, perhaps, the makings of a new "systems debate". On one side will be people whose confidence in the invisible hand is undermined by their fear that unchecked population growth and resource depletion will soon render the planet uninhabitable. On the other will be those who too readily dismiss such fears, lest they become the pretext for a new interventionism which will once again stifle individual initiative and condemn the human race to an Orwellian world of stagnation, mismanagement and repression.

And shall we have lived in a "new era"? Let's hope that at least our grandchildren are still around in 2050 to make that judgment in a proper historical perspective.

\*Photo Press, 235 (h/b) £10.95 (pb).

## Marlboro country, Italian style

At the entrance to a narrow alley in the heart of Naples two young boys lounge against a wall covered with graffiti. "Beh, beh," one shouts over to me, using the respectful title (*dottore*) customary in Naples. He unzips his jacket to reveal a carton of Marlboro.

He calls himself Beppe and claims to be 15. "I've been picked up twice by the police this week. They are really stamping on you, if you let them take what's on you without a fuss."

Further up the street an old woman has five packets of Marlboro displayed on a stool like tarot cards. "They're mine," she says. "Who can stop me having my cigarettes in front of me?" As a precaution her merchandise has the stamp of the state tobacco monopoly - almost certainly faked in a city with a natural talent for turning out imitation goods and forgeries.

This is Marlboro country, Naples style, where even the police admit only one in five packets of cigarettes is sold through licensed tobacconists. According to Col Pastore Palmerini, head of the tenth legion of the Guardia di Finanza, the police arm responsible for fighting contraband in the Naples region, illicit cigarette sales are worth £300m (£82m) a year.

"Unfortunately, here in Naples contraband cigarettes are regarded as a semi-licit trade," says Col Palmerini. It is a way of life for countless families and is part of the cheerful anarchy of this city.

But life has suddenly got tougher for the army of cigarette sellers and the criminal gangs behind the trade. The piles of cartons normally seen on benches in side streets, or the youths who pester motorists at traffic lights with packets of cigarettes, have disappeared.

The government has launched an all-out war on contraband cigarettes following an unprecedented month-long ban on the sales of Philip Morris brands in Italy as a sanction for permitting excessive contraband trade. Licensed tobacconists can only sell a limited range of Philip Morris brands; and on the black market the clampdown has driven up prices by as much as 40 per cent.

## LETTER FROM

NAPLES

questioning between 60 and 150 people a day in the street for selling contraband cigarettes," says Col Palmerini. This year 60 far, almost 12,000 have been cautioned in the Naples area, half the number for the whole of Italy.

But these are only small fry. The Naples Guardia di Finanza has seized 189 tonnes of cigarettes so far this year, 11 tonnes in the week before Christmas. One such haul came from a truck carrying contraband equipment and cables. The cigarettes were ingeniously concealed inside a hollowed air compressor, others in an empty cable drum. In Italy as a whole, the authorities seized 1,000 tonnes in 1991, 50 tonnes in the fortnight before Christmas.

The bulk of these seizures are Philip Morris brands -

genuine ones but made elsewhere in Europe, as opposed to those made under licence in Italy and subjected to the state monopoly's rigid pricing regime. The ban follows an October decree which empowered the finance ministry to impose sanctions on a company if more than five tonnes of seized contraband is found to have been its product.

Philip Morris has challenged the ban as unconstitutional and claims it is powerless to control the ultimate destination of its legitimately exported cigarettes. The company also criticised the state monopoly and the pricing structure which encourages contraband. But with unbecoming irony, Philip Morris has distributed in Naples hotels literature promoting its 1992 prize for marketing competition. The competition, aimed at young executives, proclaims: "Even you can enter the live process of marketing" (etc).

Naples has long been the centre of the contraband cigarette trade; but the nature of the business has altered substantially of late. Ever since the Guardia di Finanza began invoking the right of hot pursuit, it has been able to prevent fast launches, loading from motor ships in the Mediterranean. This pushed contraband into the Adriatic, especially to Albania, which can be reached in two hours by fast launches from the Puglia coast and which has become an important conduit for cigarettes from elsewhere in Europe. The end of the communist regime in Albania and the penalty of the new Albanian government - as well as the civil war in neighbouring Yugoslavia - have created a fertile climate for the Naples "mafia", the Camorra, to increase smuggling. Police recruit 22 Camorra families run the trade.

Before the clampdown the

dealers were paying £1m for a 10kg case - which in turn would fetch £3.5m on the streets. Now the price has risen to £1.8m or £2m a case, and the street price of a packet of Marlboro has risen from below £3,000 to £3,500. Distribution is carried out through a pyramid of intermediaries, down to street level where the average profit is £1,000 a packet. The price incidentally, rises in the evening and on Sundays, capitalising on the



Cowboy kids: Children can be tempted to leave school by contraband profits

closure of the official tobacco shops and the absence of automatic vending machines. "Now street sales are mainly handled by minors and in the past three years by non-EC immigrants from north Africa," says Col Palmerini. "Unfortunately, a kid can make good money and even be encouraged to drop out of school - and soon they want to muscle in on the ladder of organised crime, and aspire to become the boss of their area."

The north Africans are mostly illegal immigrants brought over to work in the tomato harvest in the Naples region. This makes enforcing the law difficult. "We can arrest the minors, but then we have to ascertain who their parents

are and where they live. Often they are orphans or give false addresses. If we haven't established their citizenship within 24 hours we are obliged to look after them, which is really beyond our capabilities," says Col Palmerini. It is easier to release them with a warning. Similar considerations apply to illegal immigrants: the authorities do not have the means to repatriate them. Italian police this year cautioned 21,000 people for cigarette contraband. Only 150 have been held in custody and charged.

Court proceedings are complex and the Naples courts have a huge backlog. Years can go by before sentence is passed and even then the guilty person is normally fined between two and ten times the value of the goods seized. The law is thus no real deterrent.

The state is the big loser. On the cigarettes seized in Naples this year alone, the state lost £25m in taxes. But with no real threat of sanction and with high unemployment pushing people into the streets, the state has little chance of winning the contraband war.

"The moment we release them (street sellers) and remove their goods, they are back on the street," observes Col Palmerini. "Most of their stuff they don't carry with them, it's hidden in a dustbin underneath a nearby car, or they arrange with the local grocer to hide it under the vegetables." The police also fear that the street sellers, to recoup their losses, driven by hard times, will switch to selling more illegal drugs.

It would, of course, be too simple to abolish the state tobacco monopoly, which is the root cause of the trade's existence. But Brussels has its eye on the monopoly, and the present controversy with Philip Morris could hasten its demise.

Robert Graham

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## Tessa table

From NIG Widdows  
Sir, The article on Tessa's table in "The Financial Times" of 14th December 1991 is a very interesting read. I am a long-time reader of your paper and I am sure that you will find this article of interest. I am sure that you will find this article of interest. I am sure that you will find this article of interest.

Fundamentally, the article is a very interesting read. I am a long-time reader of your paper and I am sure that you will find this article of interest. I am sure that you will find this article of interest. I am sure that you will find this article of interest.

Treuhand figure  
From Sir Ian Zibek  
Sir, I read the article by Sir Ian Zibek in "The Financial Times" of 14th December 1991. I am a long-time reader of your paper and I am sure that you will find this article of interest. I am sure that you will find this article of interest. I am sure that you will find this article of interest.

An alternative  
From Dr Brendan Brown  
Sir, Yes, even some of the most enthusiastic advocates of the UK's entry into the ERM are now having second thoughts about whether the monetary sovereignty of the UK is worth the price of stability in the ERM. I am sure that you will find this article of interest. I am sure that you will find this article of interest. I am sure that you will find this article of interest.







# UK auditors charge more and take longer to report

By Andrew Jack

AUDIT FEES charged to British companies are among the highest in the world and the accountancy firms take substantially longer than the international average to produce the auditor's report, according to a survey of accounting and auditing trends.

The survey, by the US-based Centre for International Financial Analysis and Research, shows that last year UK audit fees stood at their highest percentage of company turnover for six years, but the auditor's report did not arrive until an average of 90 days after the end of the financial year.

Fees were on average 0.028 per cent of the turnover of UK companies being audited, the second highest among 10 countries which disclose the information. Only fees in South Africa were higher (0.032 per cent), while Australia comes third (0.026 per cent).

UK auditors' fees fluctuated

between 0.025 and 0.026 per cent in the period 1985-89 - the peak was 0.029 per cent for the 1984 financial year.

They were the highest in any country for companies with turnover above \$100m during 1990, at 0.008 per cent, and the proportion rose to a maximum of 0.179 per cent for companies with a turnover in the range \$1m-\$100m.

The survey showed that UK auditors took 16 days longer than the average of 74 days across 38 countries to produce their reports after the company's year end.

It revealed that only 1 per cent of UK auditors' reports were qualified - which shows disagreement with certain aspects of the company's accounting policies - during the 1989 financial year, compared with 9 per cent in the US and 17 per cent in France.

These findings were based on a sample of 1,431 accounts

of companies with turnover of more than \$1m. Developed countries generally had higher fees than those in developing countries, with the lowest in Pakistan where the proportion of turnover was negligible. The other countries analysed were Hong Kong, India, Ireland, Malaysia, New Zealand and Singapore.

Another study in the survey, based on more than 22,000 annual reports worldwide, suggests that the Big 6 accountancy firms audit 67 per cent of assets or sales. On both criteria, Ernst & Young has the largest share, followed by KPMG, Deloitte, Ross, Tohmatsu and then Coopers & Lybrand.

Centre for International Financial Analysis and Research, *International Accounting and Auditing Trends*, 2nd edition 1991, 211 College Road East, Princeton, NJ 08540, US, \$25.

## Wide variations in the amount of information revealed

Andrew Jack on differing worldwide accountancy trends

LARGE UK companies disclose more financial information than their equivalents in the rest of the EC and in the US but less than those in Sweden and Singapore, according to a survey of worldwide accounting trends.

The Bank of Scotland, Imperial Chemical Industries and National Westminster Bank all rank among the top ten companies for financial reporting, but the greatest disclosure is provided by Ericsson of Sweden, research conducted by the US-based Centre for International Financial Analysis and Research shows.

The survey reveals wide variations in the amount of financial information revealed by different types of company, and between different countries.

Most EC member states

score lower than the Scandinavian countries, while Luxembourg rates 38th and Portugal 42nd. However, the picture may be distorted because there are few very large companies in some of the countries surveyed.

Among financial companies, the UK has four of the top seven scores, led by the Bank

of Scotland. But for industrial companies, ICI is the only UK company in the top seven, in a list dominated by Swedish and Canadian companies.

Mr Hugh Young, Bank of Scotland general manager and secretary, said yesterday: "I think we do try very hard to be straight in our accounts."

It is flustering at a time when the banks are coming under such fire that we are rated highly.

Disclosure generally tends to increase for companies listed on at least one foreign stock exchange, and for those with higher market capitalisation and higher assets or sales (above \$100m).

The survey concludes:

"The study of worldwide efforts by the International Accounting Standards Committee and other bodies to harmonise financial reporting practices, the form and substance of published annual reports from different countries varies significantly."

Analysis rated the published accounts of 1,000 companies in 44 countries by the

presence or absence of 90 items, classified under seven headings: disclosure of general information, income statements, balance sheets, funds flow statement, accounting policies, stockholders' information, and special items.

It derived an "international financial reporting index" by measuring the proportion of the variables in each category published by each company, and then taking a simple average across the seven categories. Most data was taken from consolidated accounts for the 1990 financial year.

Since many companies provide different levels of disclosure on financial and "non-financial" information, it also separately compiled a financial index comprising the income statement, balance sheet and funds flow statement variables - and a non-financial index to cover the remaining four categories.

Both Prudential, the UK's largest insurance company, and Shell Canada score 100 per cent disclosure for financial information.

Swedish companies rate most highly for publishing non-financial information.

## UK COMPANY NEWS

# Small change profit from big-change sale

Hugo Dixon and Roland Rudd on how BT's sell-off varied from other privatisations

IN BACKGROUND briefings beforehand, the government made it clear that investors would not make a huge profit out of its recent BT share sale.

But the British public, bombarded with a massive advertising campaign, could be forgiven for expecting the same profits they enjoyed in previous privatisations.

However, since trading began on December 9, the price of the new partly-paid shares have slipped, from the 125p paid by institutional investors, to close at 122 1/2p yesterday.

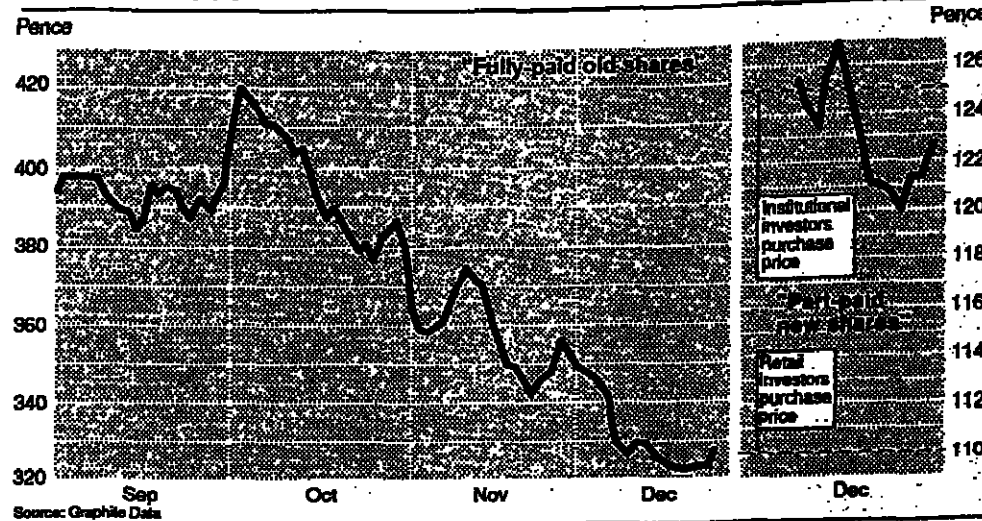
Retail investors are still showing a modest profit on the 110p they paid, thanks to the 15p discount they enjoyed. But after average dealings costs of £12.50 and, assuming an average retail stake of 400 shares, the profit is at best about 23p.

SG Warburg, the government's lead adviser, has been buying back the partly-paid shares as part of its stabilisation process to create an orderly aftermarket. It is understood that it is particularly keen to avoid the partly-paid shares falling below the psychological 120p mark with which they flirted two days before Christmas.

The new share shops which the government promoted with the BT flotation in the hope that they would spread the message of wider share ownership, have so far been rather empty.

Mr Neil Stapley, managing director of NatWest Stockbrokers, one of the share shops, said people were not selling as much as they had done in previous privatisations because the profit was so small. "We have not seen much evidence

## British Telecom



of investors buying other shares. It may be that they are waiting to see what is left after Christmas shopping."

Institutional investors are looking at a loss, having paid 125p. They sold large amounts of stock last week, so helping to drive the price down. One institutional investor said "It's a function of the market: it's continued to look soggy. We have made a loss and it's too bad."

As far as one government adviser is concerned, institutional investors are "big boys" and can therefore put up with their loss. But with an election next year, the disappointment of small investors could have some political impact, advisers admit.

The government has pointed out that 30 per cent of the adult population now owns

shares compared with about 5 per cent when it took office in 1979. And it has justified wider share ownership on the basis that it involves individuals directly in the economic success of UK companies as well as allowing them to build up capital for their security.

On that basis, say government advisers, the retail investors in BT will be pleased to have bought their shares and will have the added satisfaction of making a modest profit. Yet, most retail investors are still asking why the BT shares have not performed better.

Part of the answer is that the government wanted a low premium to avoid being accused by the opposition parties of selling public assets on the cheap, as has happened with virtually every other privatisation. Advisers indicated just

before the sale that the government was looking for the shares to trade in the 130p-135p range.

There is increasing evidence, though, that the government misjudged the value of the shares by creating an artificial market in the existing BT shares in the run-up to the sale. Warburg warned institutions not to dump their existing shares in advance of the sale in the hope of buying them back on the cheap.

The lower-than-expected volume of share-trading before the sale and the subsequent fall in the share price are *prima facie* evidence that the share price was being kept artificially high before the sale, according to telecommunication analysts.

The prospectus, published on November 15, said the allocation policy would favour "bids

on behalf of investors perceived to be likely buyers or holders, rather than sellers in the immediate after-market, of shares, and bids on behalf of investors who have not engaged in market activity prior to or during the offer period." That was read as a clear warning to institutions not to sell their shares.

Nevertheless, the government must be glad that it did not sell the shares at the equivalent fully-paid price of 400p or more as it had intended to in October.

Despite Warburg's warnings about share dumping, the price of the old shares fell sharply in the six weeks before the sale as investors took on board the risks of tighter regulation, greater competition, and a gloomy economic backdrop.

The government's embrace, now only mild, could have been severe if the sharp fall in the price had occurred after the sale, rather than immediately before it.

The current share price may not even now reflect market realities because Warburg is employing its controversial technique of stabilisation, which involves buying back shares which have already been sold in order to prevent the price falling too rapidly.

Government advisers will say, however, that stabilisation has been used to prevent the price from falling to a level that would have been detrimental to the government's aim of wider share ownership.

Given that most small investors had only known prices going to an immediate large premium, there is some question over whether the BT share price was artificially high before the sale, according to telecommunication analysts.

The prospectus, published on November 15, said the allocation policy would favour "bids

## Jones & Shipman £2.5m in loss as recession bites

By Peggy Hollinger

Hardanger Properties, the troubled retail developer which has had its shares suspended at 65p since April, is offering to repay unsecured creditors 30p for every pound of debt.

However, if the creditors do not agree to the repayment terms, Hardanger's tentative rescue package agreed with a Hong Kong group, Valeray, may fall apart and the company could face receivership.

Hardanger claims some £20m in secured creditors - the largest being Barclays, which is owed more than £40m. Unsecured creditors are believed to total less than £10m.

A previous rescue collapsed in August when Hardanger failed to sell the properties secured by loans from Barclays.

Valeray agreed last month to provide a five-year loan facility of £2.75m to Hardanger, conditional on creditors and shareholders agreeing to the Hong Kong group subscribing to a new issue of 2.3m shares. If the conditions are met, Valeray will hold 75 per cent of Hardanger.

Barclays has not yet agreed to the latest proposals, although the bank said it had given the "not all the way through" negotiations.

Shareholders will vote on the proposals at an extraordinary general meeting on January 8.

Mr Derek Coombs, chairman, holds 20 per cent of Hardanger.

## Hardanger plan may ward off receivership

By Peggy Hollinger

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## UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY: Index of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume and retail sales value (1985=100); business investment, excluding defence, excluding transport and unclassified investment (1985=100).

	Index	1990	1989	1988	1987	1986	1985
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
October	100.0	100.0	100.0	100.0	100.0	100.0	100.0
November	100.0	100.0	100.0	100.0	100.0	100.0	100.0
December	100.0	100.0	100.0	100.0	100.0	100.0	100.0

OUTPUT: By sector, output, consumer goods, investment goods, intermediate goods (1985=100); engineering orders (£ billion); retail sales volume and retail sales value (1985=100); business investment, excluding defence, excluding transport and unclassified investment (1985=100).

	Output	Index	1990	1989	1988	1987	1986	1985
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
October	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
November	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
December	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

EXTENSIVE: By sector, output, consumer goods, investment goods, intermediate goods (1985=100); engineering orders (£ billion); retail sales volume and retail sales value (1985=100); business investment, excluding defence, excluding transport and unclassified investment (1985=100).

	Output	Index	1990	1989	1988	1987	1986	1985
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
October	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
November	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
December	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

FINANCIAL: Money supply (M0, M2 and M4) (annual percentage change); bank lending (excluding mortgage); retail sales volume and retail sales value (1985=100); business investment, excluding defence, excluding transport and unclassified investment (1985=100).

	Money supply	Index	1990	1989	1988	1987	1986	1985
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
October	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
November	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
December	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

RETAIL: By sector, output, consumer goods, investment goods, intermediate goods (1985=100); engineering orders (£ billion); retail sales volume and retail sales value (1985=100); business investment, excluding defence, excluding transport and unclassified investment (1985=100).

	Output	Index	1990	1989	1988	1987	1986	1985
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
October	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
November	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
December	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

NOT seasonally adjusted

Figures in brackets are unclassified, excluding bank loans.

## DC Cook's board altered again

The high turnover of directors at DC Cook Holdings, the USM-quoted motor dealer and property developer, has continued with the departure of Mr Charles Pettigrew as managing director, writes Jane Fuller.

He had held the post for just over three months and had been with the company for less than two years, coming in as finance director. He is the eighth man to leave the board since April 1989.

No further comment on Mr Pettigrew's departure was available yesterday from DC Cook, which is headed by Mr

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## HOW COUNTRIES SCORE ON ACCOUNTING DISCLOSURE

Country	Index	Country	Index
Sweden	83	Switzerland	68
Singapore	78	Japan	65
UK	76	Netherlands	64
Finland	77	Spain	64
Malaysia	76	Denmark	62
Australia	75	Italy	62
Canada	74	Germany	62
Norway	74	Belgium	61
US	74	Greece	55
South Africa	71	Luxembourg	44
France	69	Portugal	36



## COMMODITIES

## YEAR IN THE MARKETS

## A year to forget for London's commodity futures traders

BY THE end of the Gulf War early in the year all trace of price gains had been wiped from the oil and gold markets, while the collapse of the Soviet Union had added to the bearish pressure on world commodity markets from the continuing recession.

Once again commodity producers must be wondering just when the prices they get for their raw materials will begin a sustained improvement. The close of the year sees most base metal stocks at record highs on the London Metal Exchange, with aluminium setting the pace with an inexorable surge towards 1m tonnes; platinum has failed in its struggle to stay above the gold price; warm weather in North America has helped to push crude oil prices to 10-month lows; and coffee and sugar prices are finishing the year at such the same depressed levels they were at in January.

Amid the gloom only the cocoa market can offer any reason for guarded optimism as it heads towards the first annual supply deficit for eight years in 1992. But in view of the level of world stocks after the years of overproduction, the celebrations are unlikely to be wild.

The precious metals market, which has seen several false dawns, reached its peak only a fortnight into the year, when the platinum price rose to just above \$420 a troy ounce and the gold price closed at just over \$400 an ounce. Confounding the forecasts of most pundits, the gold market then plunged on the opening of the Gulf war as the allies swept all before them. Gold appeared to have relinquished its role as a haven for funds in times of trouble.

By the end of February as a result of the war, the gold price had fallen to around \$360 an ounce, the level around which it fluctuated throughout the remainder of the year.

Analysts said at the time that investors had become disillusioned about the yellow metal so that it reacted to news just like any other metal. In the past 10 years a multitude of gold-backed financial instruments, such as gold options, have eroded the importance of the physical gold market and helped to curb the price volatility which used to attract short-term speculators.

Gold producers have also become increasingly proficient at using the complex financial markets to hedge their output, cutting in certain profits but taking the steam out of any rallies.

Nevertheless there have been sharp movements, several

connected with moves by a Middle East syndicate operating through the National Commercial Bank of Jeddah. A wave of selling by the syndicate in September helped to push the price on London bullion market, increasingly nervous about the implications of the Soviet Union's break-up, to the year's low of \$345.25 an ounce, the lowest level for five years.

By October, however, fears of the Soviet disintegration would lead to heavy sales of gold were beginning to subside as a respected Soviet economist revealed that after vast sales in 1990, reserves totalled only 240 tonnes, roughly equal to the annual production rate. This figure was greeted with some scepticism, as most analysts had been talking of reserves between 2,000 and 3,000 tonnes. However, the World Gold Council soon accepted that figures below 1,000 tonnes were credible.

The last rally - to just over \$370 - earlier this month was undermined by weakness in the price of silver, now seen as an industrial metal and vulnerable like platinum, to the continuing recession.

Platinum lost its premium over gold in July as disillusioned Japanese investors decided to take losses on contracts for future delivery. The price had already plummeted in May when Nissan, the second biggest Japanese car maker, said it had developed an exhaust catalyst which used neither platinum nor rhodium, but the cheaper palladium. Exhaust catalysts are the main use for the white metal. Bearish sentiment was further influenced by soaring exports from the Soviet Union in the first half.

The market hit the year's low of \$331.50 a troy ounce in August when industrial disruption ended at Impala of South Africa, which produces nearly 40 per cent of the world's platinum. The price did climb back to gold following this month's announcement by General Motors of the US plant closures and heavy losses.

The Gulf conflict, the break-up of the Soviet Union and the continuing industrial recession were also the chief influences on the oil market this year.

The North Sea Brent crude price began at the relatively high level of \$26.75 a barrel - though that was well below the \$40 reached in October 1990 in the aftermath of Iraq's invasion of Kuwait. An uncertain tone in the first week of January developed into a cautious

upward trend with the approach of the allies' January 15 deadline for Iraq to begin withdrawing from Kuwait, and as that appeared less and less likely to happen analysts began talking of a return to the \$40-a-barrel level, perhaps even \$50, after the outbreak of hostilities.

They could hardly have been more wrong, however. The opening shots on January 17 were greeted by a record daily fall in the Brent price of \$8.325 to \$30.825 a barrel, and by the time the fighting was over, six weeks later, the price was edging up from what proved to be the year's low of \$16.75 a barrel.

The initial sharp decline clearly reflected euphoria at the allies' virtually unopposed early successes. And though hopes of a conclusion "within days rather than weeks" quickly faded the inescapable conviction that the eventual outcome was not in doubt allowed attention to refocus on the fundamental supply demand situation, which was undeniably bearish.

Oil stocks held in member countries of the Organisation for Economic Co-operation and Development were at a nine-year high; the US and the International Energy Agency had arranged for stocks to be released to cover supply shortfalls resulting from the Gulf war and the world recession was (and is) still holding back demand for oil.

From the end of the war until early November the overall trend in oil prices was upwards, though very erratically and at a very modest pace.

The absence of Kuwait and Iraq as exporters was allowing other members of the Organisation of Petroleum Exporting Countries to produce flat out without fear of flooding the market, and the problems of the former Soviet Union had been reflected in a substantial fall in exports. But in recent weeks the market has evidently come to the conclusion that even that modest rise was too much, and the Brent price has subsided to within 80 cents of the February low.

At the London Metal Exchange the most notable feature of the year has been the dramatic rise in aluminium stocks held in the exchange's registered warehouses. A year ago in this column it was remarked that it was surprising to see LME aluminium prices at six-month lows in view of the stocks rise that had taken the total from below 60,000 tonnes to a record 315,000 tonnes during the course of 1990. By the same token, therefore, it may seem

surprising that a further stock surge this year to 954,925 tonnes - the highest level ever for any individual LME metal - has been accompanied by only a 27 per cent fall in the LME cash aluminium price to \$1,113.50 a tonne - about \$80 above the recent life-of-contract low.

The explanation is that, while the aluminium market has clearly had a very bad year, the LME stocks figure paints a somewhat blacker picture than is really justified. Much of the total now in LME warehouses has merely changed location - encouraged by a significant expansion in the exchange's overseas warehousing facilities - as falling prices have prompted users of the metal to run down their own stocks. And large amounts of the metal have been shipped to the west from the cash-hungry former Soviet Union.

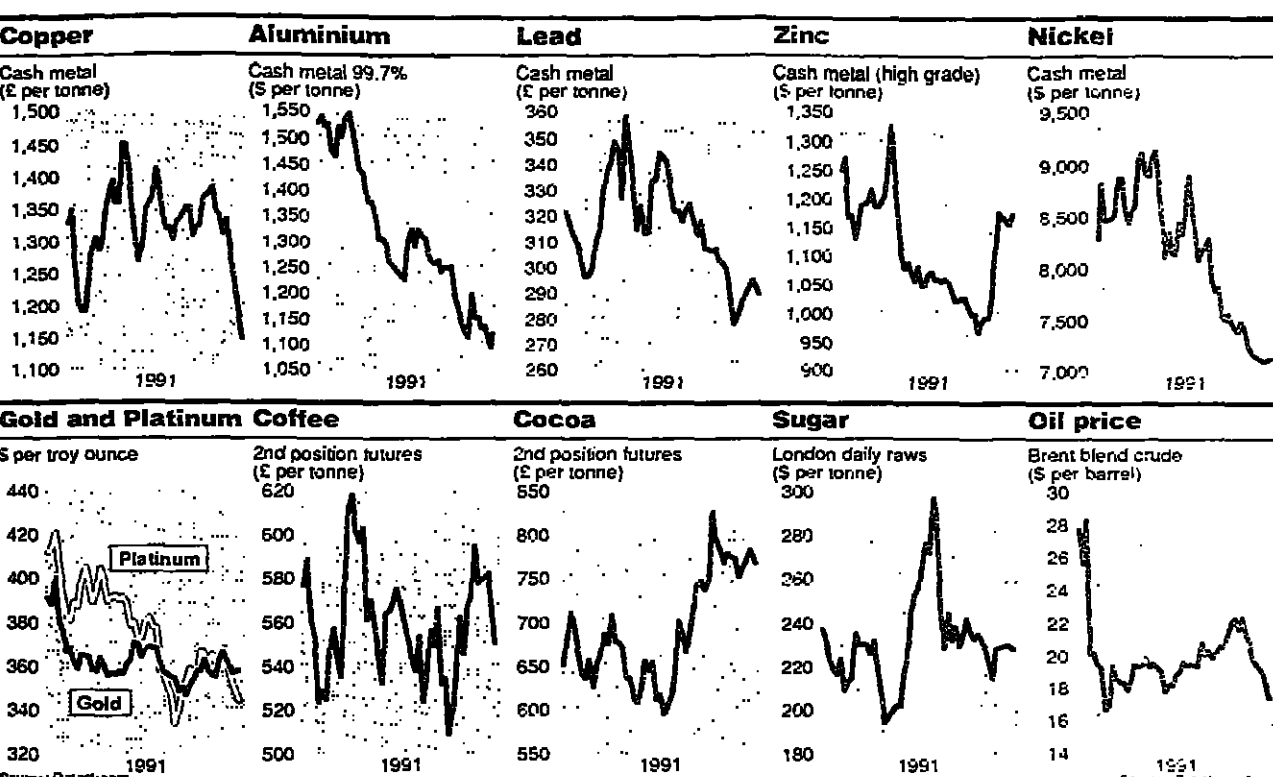
Recent estimates of this year's Soviet shipments vary between Metal Bulletin Research's 800,000 tonnes and the European Aluminium Association's "nearly 1m tonnes". The EAA said its figure represented a 200 per cent increase on the 1990 total. MBR projected total end-1991 stocks outside the former eastern bloc at 2.53m tonnes, the highest level since 1984, when it reached 2.77m tonnes.

LME WAREHOUSE STOCKS (As at Monday's close)

Aluminium	+16,750	954,925
Copper	+6,625	102,500
Lead	+500	102,500
Nickel	+100	102,500
Zinc	+1,375	158,600
Tin	+350	13,500

There is no question, however, that the aluminium producing industry is in a parlous state. Although this year's fall has taken prices to a level where three-quarters of western capacity is operating at a loss, producers have been remarkably reluctant to close or mothball plants. At the latest, count closures totalling about 880,000 tonnes a year have been announced (but not necessarily yet implemented). In the past 12 months equivalent to less than 5 per cent of total capacity.

Aluminium producers' apparent willingness to accept losses in what they hope will prove the short term is probably influenced by their metal's tradition, because of its wide use in consumer durables, of being the first in the base metals sector to respond to economic upturns. But there is also clearly an element of brinkmanship, as producing companies hope that others will grasp the nettle first, leaving them to carry on producing



at full capacity in a better balanced market.

They may have a while to wait, however. In a report published this month the World Economic Outlook Unit suggested that low aluminium prices were likely to persist for the next two years, causing new smelter projects to be postponed or scrapped and leading to a supply shortage in 1996.

The EIU estimated the average western smelter's operating costs in the first quarter of 1991 at \$1,384 a tonne and the total, including capital charges and a 15 per cent return on equity, at \$1,708 a tonne. Those figures compare with the present LME three months delivery price of \$1,337.25 a tonne.

At first sight the LME zinc market's stocks change over the year looks comparable to aluminium's - up 178 per cent to 155,600 tonnes, having recently reached the highest level since the launch of the special high grade contract in September, 1988. But the difference is that whereas aluminium stocks started the year already at an unprecedentedly high level, zinc stocks had fallen by about 30 per cent during 1990 to an uncomfortably low level.

It was not so surprising, then, that when the zinc LME ending less than 7 per cent down on the year at \$1,166.25 a tonne.

The cash price had been much higher in the spring, however, when a squeeze on supplies pushed it to a 15-month high of \$1,400 a tonne, and widened the premium over three months metal (known as the backwardation) to more than \$200 a tonne. More alarming was the \$50-a-tonne level reached by the one-day back-wardation, the daily cost faced by holders of short positions of keeping those positions open.

That prompted some quiet but urgent consultations by the exchange authorities with holders of large long positions, and the problem was sorted out without resort to official action.

After that the market's bearish fundamentals took over, pushing the price below the psychologically important \$1,000-a-tonne level to a life-of-contract low by the middle of October. Then in early November Cominco, the Canadian metals group, helped the market to break back through the \$1,000-a-tonne barrier by announcing that it was cutting refined zinc output at its big Trail smelter in British Columbia because of weak demand. Analysts said at the time that further cuts by other producers would be needed to brighten up the zinc market, but since the Cominco move the cash price has put on more than \$170 a tonne.

Prices on the LME copper market were distorted by a technical squeeze for much of the year and that prevented the low reached in January from being repeated until this month - in spite of a strong upturn in LME warehouse stocks and slack industrial demand.

The exchange evidently found that backroom action, such as that which ended the zinc squeeze, was ineffective for solving the copper market problem, believed by traders to have been caused by the Sumitomo Corporation of Japan taking control of much of the LME's stocks, which ended the time as just over 300,000 tonnes. So on December 3 it set a \$25-a-tonne limit on the daily backwardation.

That seems to have done the trick. The cash price has since fallen by \$187.75 to \$1,147.75 a tonne and the \$50-a-tonne premium over three months metal has turned into \$23.75 dis-

count, which is much more in keeping with the market's fundamental situation.

The LME nickel market was another to suffer this year from heavy shipments from the disintegrating Soviet Union, which were thought to be largely responsible for a 178 per cent rise on the year in LME stocks to 12,100 tonnes. And with the world economy remaining stubbornly in recession traders see little prospect of an upturn in stainless steel demand sufficient to take up the slack in the market. The resulting price slide has prompted some producers to cut output, notably Inco and Falconbridge of Canada, but so far no appreciable recovery has resulted and the cash LME price is going into end-year trading at \$7,158 a tonne, 14 per cent down from 12 months ago.

The other LME metals have fared little better. Lead is ending near the year's low, despite the approach of the Northern Hemisphere car battery replacement season; and even tin, despite being the only LME metal to experience a stocks fall this year of 34 per cent, is ending marginally down in price.

Of the softs cocoa has the most optimistic outlook as it heads for the first supply deficit in eight years. The first inklings of this put the market into a steady climb from the year's low at the beginning of July, and the London Futures and Options Exchange second position reached a peak of \$239 a tonne at the beginning of October. It is the only market to be ending the year with a significant advance, closing yesterday at \$266 a tonne, for March delivery, compared with \$261 at the end of 1990.

The Gill & Duffus Cocoa Market Report, bible of the market, estimated in September that the production deficit for 1991-92 would be 128,000 tonnes. Nevertheless, world stocks are almost 1.5m tonnes.

The market has taken little notice of moves by the International Cocoa Organisation this year to set up a working party which has been looking without much success at ways forward to a new price-supporting agreement. The International Cocoa Organisation, which has set up a similar working party, has had much more effect on market prices, but none the less the second position robusta contract on London Fox closed on Christmas Eve only \$28 below the \$577 a tonne of January 1.

The high year's high of \$519 a tonne was struck in March when Brazil, the world's biggest coffee producer, threw the market into confusion with the announcement that it was suspending export registrations and seeking renegotiation of the long-standing international agreement. By May the price was flirting with new lows, however, as Brazilian coffee policy remained unclear and world supplies were seen as more than sufficient.

Later in the year the usual rallies were seen on Brazilian frosts. Colombia also lifted the market in late summer by suggesting to Brazil a 10 per cent export retention scheme, which quickly foundered at the September ICO talks. As the ICO delegates left London for home, exports from Cuba, once firmly tied to the Soviet Union, were seen as more than sufficient.

The New York raw sugar market has been trading in a narrow band between 8 and 10 cents a lb throughout most of the year. Uncertainty has surrounded the scale of imports by the Soviet Union, once a big buyer, as well as the potential for exports from Cuba, once firmly tied to the Soviet Union.

David Blackwell and Richard Mooney

## WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year 1991	High 1991	Low 1991
Gold per troy oz.	\$353.35	+4.90	\$338.45	\$403.25	\$345.25
Silver per troy oz.	208.06	-0.15	215.00	280.55	183.35
Aluminium 99.7% (cash)	\$1113.50	+3.5	\$1028.5	\$1302.5	\$1028.5
Copper Grade A (cash)	\$1154.25	+1.25	\$1078.5	\$1302.5	\$1028.5
Lead (cash)	\$292.25	+6.25	\$282.5	\$322.5	\$282.5
Nickel (cash)	\$1755	nc	\$1620.0	\$2027.5	\$1700.0
Zinc (cash)	\$1154.25	+6.75	\$1078.5	\$1302.5	\$1028.5
Tin (cash)	\$5577.5	+47.5	\$5505.0	\$5915.0	\$5452.5
Cocoa Futures (Mar)	\$252	nc	\$258	\$295	\$250
Coffee Futures (Mar)	\$75	+1	\$75	\$85	\$70
Sugar (LDP Raw)	\$20.50	+1	\$20.5	\$21.5	\$19.5
Barley Futures (Mar)	\$122.50	+0.4	\$118.2	\$122.5	\$107.75
Wheat Futures (Mar)	\$129.40	+0.55	\$123.15	\$141.10	\$111.80
Wool (LDP Super)	\$15.00	+0.05	\$14.95	\$15.00	\$14.90
Oil (Brent Blend)	\$17.875	-0.125	\$18.75	\$29.15	\$16.75

Per tonne unless otherwise stated. Fluctuated p=month, c=cash, f=futures.

COCOA - London FOX	Close	Previous	High/Low
Dec 738	738	741	729
Mar 738	738	741	729
May 738	738	741	729
Jul 738	738	741	729
Sep 738	738	741	729
Nov 738	738	741	729
Jan 738	738	741	729
Mar 738	738	741	729
May 738	738	741	729
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Nov 738	738	741	729
Jan 738	738	741	729
Mar 738	738	741	729



## INTERNATIONAL COMPANIES AND FINANCE

## La Cinq wins go-ahead for emergency cost-cutting

By Alice Rawsthorn in Paris

LA CINQ, the ailing French television station which is fighting for survival, yesterday secured the consent of the Conseil Supérieur de l'Audiovisuel, the body that regulates French television, for its emergency cost-cutting programme.

However, the CSA warned La Cinq's shareholders, which include Hachette, the heavily indebted French media group that runs the channel, and Mr Silvio Berlusconi, the Italian media mogul, that they must continue to provide the standard of programming specified in La Cinq's licence.

Two weeks ago Hachette, which has for the past year been running La Cinq, announced plans for radical rationalisation intended to shed 292 of the station's 537

permanent staff and 284 of its temporary employees, leaving the channel with just 27 journalists.

The proposals immediately met with ferocious protest by La Cinq's workforce and had to be submitted to the CSA for approval. La Cinq has been struggling financially since its launch five years ago as part of the French government's TV deregulation drive. Its financial problems intensified in 1991 when it sustained losses of an estimated FF1.12bn (\$215.5m), slightly more than its overall turnover.

Hachette, the architect of the cost-cutting package, held talks with the CSA last week. A number of the other investors - including the French banks, Crédit Lyonnais,

Société Générale and Crédit Commercial de France; GAN, the French insurance group; and Kleinwort Benson, the London-based bank - yesterday met with the CSA.

The investors told the CSA they were not prepared to provide any additional capital for La Cinq, which has been searching unsuccessfully for new investment. This followed a similar announcement by Hachette earlier this week.

Hachette has sold a 15 per cent stake in French regional daily newspaper, Dernières Nouvelles d'Alsace to Crédit Lyonnais, for an undisclosed amount.

The sale reduces Hachette's stake in Dernières Nouvelles d'Alsace to 51 per cent.

## Volkswagen sets cars rolling at Czech plant

By John Griffiths

THE first Volkswagen Passat cars to be produced under a DM800m (\$608.5m) joint venture project in Czechoslovakia are now rolling off the assembly line in Bratislava, the southern border city some 40 miles from Vienna.

The start of production marks another step in VW's determination to establish itself firmly as a global vehicle maker and to exploit the much larger central European car market expected to develop over the next decade.

Volkswagen already has a 31 per cent stake in, and full management control of, Czech car-maker Skoda, in which VW is investing DM100m to double output to 800,000 cars a year over the next few years.

By 1993, the Bratislava plant is scheduled to be producing 30,000 Passats a year under the venture, between the German car-maker and Bratislava's Automobile Závody (BAZ). The cars will be for sale via the VW group, mainly in western Europe and Czechoslovakia and later elsewhere in central Europe.

The joint company, Volkswagen Bratislava, is also to develop gearboxes, manufacturing, with target production of 350,000 a year by early 1994. Output will be sent to VW plants in Wolfsburg, Mexico and Mexico, as well as to VW's SEAT division in Spain.

Volkswagen said, however, the plant would produce only 3,000 Passats next year because of the need for extensive training. Initially, the cars are being assembled from kits, with complex assembly and manufacturing procedures to be added as the workforce gains experience.

Engineers and some shop floor employees have been working since mid-October at VW's Passat plant in Emden, north-east Germany, to prepare themselves for production at Bratislava. The venture is expected to employ 1,500 when in full production. VW holds an 80 per cent stake in the venture, with BAZ holding the remaining 20 per cent. By early 1993, however, VW is scheduled to increase its equity share to 94 per cent.

## Image reshaping at Vancouver SE

Bernard Simon reports on plans to woo new listings and investors

A hallmark of the Vancouver Stock Exchange over the years has been the colourfully ambiguous names of some of its listings. Sky Rocket Exploration, Do Well Resources, and Mischief Enterprises were among the companies which wooed investors in the mid-1980s, helping to give the VSE a reputation as the closest thing to a casino among North American bourses.

But when Bullshit Manufacturing applied not long ago to list its fledgling shirt-making business, the exchange said no. Stricter vetting of corporate names has become part of a concerted drive to clean up the VSE's shady image.

With a raft of measures, which range from a computerised trading floor to tougher action against wrong-doers and more outside representation on its board of governors, the VSE is trying to re-establish itself not only as North America's premier venture capital market, but a squeaky clean one to boot.

It is sufficiently confident of progress to launch a marketing campaign in New York and Toronto at the end of January. The plan is to woo new listings and investors.

Success will not come easily, however. Small investors, on whom the VSE depends more heavily than most other exchanges, were stung by a series of scandals in the mid-1980s. Many have yet to be persuaded that their money is safe with a Vancouver-listed company.

Although a new generation of regulators has worked hard

to put the VSE on a fresh course, the suspicion lingers that some of the exchange's participants are still more interested in wheeling and dealing than protecting investors.

Mr Frank Gmura, president of Yorkton Securities, a local brokerage firm, predicts that it could be two or three years before public confidence is restored. "It's going to be a long, long haul," Mr Gmura says.

The stigma which still clings to the VSE recently persuaded the Pacific Stock Exchange in San Francisco that the Alberta exchange in Calgary would make a more suitable Canadian partner for a joint marketing drive.

The PSE says that several dozen Vancouver-listed companies have shown an interest in a listing in San Francisco over the past six months. Every one of them has been turned away.

Mr Donald Hudson, the VSE's president, expresses some exasperation with what he calls the "Vancouver syndrome". He notes that the New York and Tokyo stock exchanges haven't been blamed for the excesses of Wall Street or the scandals in the Japanese financial community. Yet, he says, "we were blamed for anything that went wrong within a thousand miles of Vancouver".

The VSE's image problem has exacerbated the general slump in stock market activity. The value of shares changing hands in Vancouver was \$28.9m between January and October, a 26 per cent drop



Vancouver's exchange

from a year earlier. New financing has also shrivelled by a quarter in the past year.

Even the VSE's critics acknowledge that local regulators and the exchange itself have done much to clean up the books. The VSE has disciplined 103 brokers in the past four years, levying fines of \$1.2m. It last year became the first exchange in Canada empowered to prosecute people no longer working in the securities industry.

A new pre-listings advisory committee and other vetting procedures now eliminate

about 10 per cent of listings applications. The exchange is also trying to woo more industrial and technology companies to lower its dependence on the junior exploration outfits which have been the source of many of its past headaches.

The revival strategy relies heavily on one of North America's most sophisticated, computerised trading systems, launched in early 1990. Besides improving its ability to spot suspicious trading patterns, the new system has given the VSE an international respectability in the nuts and bolts of computer trading.

About 170 trading terminals have already been installed, including over a dozen in Toronto, 2,000 miles away. Vancouver has also sold its system to exchanges in Mexico and Venezuela, and is presently negotiating with about 10 other potential customers in, among other places, Germany, Austria, Indonesia and Turkey.

The VSE's supporters are confident that better regulation, credit practices and stricter listing requirements by the Nasdaq over-the-counter market will assure the viability of a market which specialises in venture capital financing. However, such a market also requires investors' confidence to flourish.

Mr Hudson acknowledges that there are limits to what the VSE can do to win back a sceptical (and all-too-often glib) public.

"All markets are 'buyer beware'," he notes. "If buyers don't do that, they're going to get themselves into trouble."

## Li's Husky purchase cleared

By Bernard Simon in Toronto

THE CANADIAN government has approved Hong Kong magnate Mr Li Ka-shing's purchase of a controlling stake in Husky Oil, one of Canada's largest independent energy producers.

Although Ottawa restricts foreign investments in the energy industry, an official of Investment Canada, the government's foreign investment watchdog, said yesterday the Husky deal fell within the exception made for financially-troubled companies.

Mr Li and his associates will own all of Husky after buying the 49 per cent stake held by Nova Corporation of Alberta.

Mr Li will pay \$250m (US\$216.5m), and will redeem preferred shares held by Nova for \$75m.

The deal, first announced two months ago, is expected to close on December 31.

The investment Canada official said Mr Li would invest a total of \$250m in Husky, including an equity infusion to enable the company to complete construction of a heavy-oil processing plant at Lloydminster, on the Alberta-Saskatchewan border, and a natural gas facility at Caroline, in Alberta.

Mr Li has also agreed to keep the management of Husky in Canadian hands, and to support local communities where Husky does business. The possibility has been raised of taking Husky public later.

The government is likely during 1992 to relax the rules for foreign participation in the energy sector. The slide in oil and gas prices and heavy debt burdens have left many Canadian companies badly needing outside support.

Foreign companies have shown an interest in broadening their Canadian interests. Belgium's Petrofina recently set up an office in Calgary.

keep the management of Husky in Canadian hands, and to support local communities where Husky does business. The possibility has been raised of taking Husky public later.

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## Greece to start forward forex trading

By Kerin Hope in Athens

GREECE is to introduce forward foreign exchange trading on January 1 under a central bank plan for gradual deregulation of the banking system in preparation for the European single market.

However, the forward market initially will be restricted to current account transactions with a limited maturity, from 15 days to one year.

Short-term transactions between banks based in Greece

and institutions abroad will not be permitted until 1994, when Greece is due to lift all controls on short-term capital movement, according to Bank of Greece officials.

In the meantime, foreign banks are allowed to establish convertible drachma accounts for trading in Greece. The restrictions are designed to avoid pressure on the drachma and eliminate speculation, the officials said.

"We want to take it slowly to prevent fluctuations in the drachma and allow local banks to get accustomed to the new market," one official said.

No date has yet been set for expanding forward trading to include capital flows and permit longer maturities.

At present, Greek importers and exporters have to make individual arrangements with the Bank of Greece for forward rates on contracts abroad.

## Country funds go well in Osaka

By Emiko Terazono in Tokyo

LAST WEEK'S launch of Japan's first country stock funds - investment trust funds investing in stocks of a specific country - met with an enthusiastic response.

Japanese investors rushed to place buy orders with the Osaka Stock Exchange (OSE) in the five country funds, Spain, Korea, Germany, Singapore, and Thai Capital. The launch comes at a time when domestic stock markets are facing the longest post-war slump, and worries over weak

investor appetite prevailed prior to the listings.

The funds are listed on the New York Stock Exchange and managed by US investment companies. Trading on Friday on the OSE totalled 570,000 shares.

The bullish start came as a relief to OSE and brokerage officials. However, an official at Nomura Securities said initial interest seemed out of line with supply and demand, and continued buying interest was unlikely to persist.

## M-Net joins in

By Philip Gawth in Johannesburg

M-NET, the South African pay television channel, is investing \$260m (R4.5m) in a consortium which is to buy FilmNet International Holdings, a European subscription-TV operation, from Esselte of Sweden.

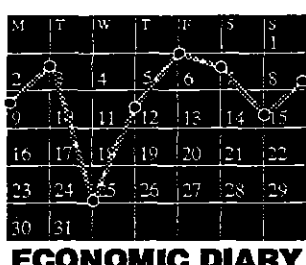
The consortium is being led by Compagnie Financière Richemont, the Swiss tobacco and luxury goods company controlled by South Africa's Rupert family.

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ECONOMIC DIARY

TOMORROW: Referendum on independence in Azerbaijan and Uzbekistan.

MONDAY: Leaders of newly-founded Commonwealth of Independent States meet in Minsk to work out permanent defence structures.

TUESDAY: Central Statistical Office publishes figures for engineering sales and orders at current and constant prices during October.

US leading indicators for November. Mr George Bush, president of the US, starts tour of Australia, Singapore, South Korea and Japan (until January 10).

WEDNESDAY: International boat show opens at Earls Court in London (until January 12). Publication of 1991 Government records.

Soviet - United States accord on halting arms supplies to warring states in Afghanistan takes effect.

Nigerian government presents 1992 budget, last before planned military handover to civilian power.

Portugal begins rotating presidency of European Community. Mr George Bush, president of the United States, arrives in Canberra at the start of an official visit to Australia (until January 3). Start of Harrods sale.

THURSDAY: The Department of Energy announces energy trends in October. US construction spending (November); purchasing managers index (December) and leading indicators (December). New civilian governors due to take over from military officials in Nigeria.

FRIDAY: The Treasury issues UK official reserves figures for December. Central Statistical Office gives statistics for insurance and pensions (third quarter).

Mr George Bush, president of the United States, arrives in Singapore on an official visit (until January 5). Association of Science Education holds annual meeting at Sheffield University (until Sunday).

## FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS Friday December 27 1991

Figures in parentheses show number of stocks per section

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Vancouver

# CURRENCIES, MONEY AND CAPITAL MARKETS

## \$ IN NEW YORK

Dec-27	Latest	Previous
1 month	1.8770-1.8780	1.8825-1.8835
3 months	1.8750-1.8760	1.8800-1.8810
6 months	1.8730-1.8740	1.8780-1.8790
12 months	1.8710-1.8720	1.8760-1.8770

Forward premiums and discounts apply to the US dollar

## STERLING INDEX

Dec-27	Latest	Previous
9.30 AM	91.7	91.8
10.00 AM	91.7	91.8
11.00 AM	91.7	91.8
12.00 PM	91.7	91.8
1.00 PM	91.7	91.8
2.00 PM	91.7	91.8
3.00 PM	91.7	91.8

## CURRENCY MOVEMENTS

Dec-27	Bank of England	Change
Australia	91.7	-0.1
Canada	101.7	-0.1
France	166.7	-0.1
Germany	193.7	-0.1
Italy	136.7	-0.1
Japan	160.7	-0.1
Netherlands	136.7	-0.1
Spain	166.7	-0.1
Sweden	101.7	-0.1
Switzerland	146.7	-0.1
UK	100.0	0.0
US	91.7	-0.1

Marked currency changes: average 1980-1990, 1990-1991, 1991-1992, 1992-1993, 1993-1994, 1994-1995, 1995-1996, 1996-1997, 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021-2022, 2022-2023, 2023-2024, 2024-2025, 2025-2026, 2026-2027, 2027-2028, 2028-2029, 2029-2030, 2030-2031, 2031-2032, 2032-2033, 2033-2034, 2034-2035, 2035-2036, 2036-2037, 2037-2038, 2038-2039, 2039-2040, 2040-2041, 2041-2042, 2042-2043, 2043-2044, 2044-2045, 2045-2046, 2046-2047, 2047-2048, 2048-2049, 2049-2050, 2050-2051, 2051-2052, 2052-2053, 2053-2054, 2054-2055, 2055-2056, 2056-2057, 2057-2058, 2058-2059, 2059-2060, 2060-2061, 2061-2062, 2062-2063, 2063-2064, 2064-2065, 2065-2066, 2066-2067, 2067-2068, 2068-2069, 2069-2070, 2070-2071, 2071-2072, 2072-2073, 2073-2074, 2074-2075, 2075-2076, 2076-2077, 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## WORLD STOCK MARKETS

## AMERICA

## Dow peaks again despite signs of profit-taking

## Wall Street

US STOCK markets were at new record levels yesterday, in spite of the inevitable post-holiday lull in trading volume and some signs of profit-taking, writes *Nikki Tait in New York*.

With corporate news virtually at a standstill and no economic statistics of significance due, the Dow Jones Industrial Average at 1 pm stood at 3,096.15, up 13.19.

This position was mirrored in other indices. The more broadly based Standard & Poor's 500 showed a gain of 0.99 to 408.83 by lunchtime, although it had started the morning more than 1.2 points higher.

The Nasdaq composite of over-the-counter stocks advanced 4.75 to 564.05. Nasdaq, like the Big Board, is standing at an all-time high.

Advancing stocks, meanwhile, outweighed declining issues by about three to two, while volume on the NYSE was 91m shares - low for "normal" trading days although fairly high for the holiday season.

The continued strength of equities contrasted with a slight weakness in the bond market. During the morning session, for example, the bell-weather long bond lost 1/8 to 105 1/8, pushing the yield to 7.51 per cent. However, trading was exceptionally light and dealers suggested that the bond market was drifting without any firm direction.

Buoyancy in share prices, on the other hand, was still being attributed to last week's cut in interest rates - both via the potential stimulus which this might have on the economy, and via the more direct reduction in bond market yields. Yesterday, however, dealers began to report some profit-taking, as investors cashed in the gains notched up during the recent run.

This was then offset as institutional fund managers continued to buy, and the market moved in an effort to end the year in the best possible shape, and by a search for stocks which might have been bypassed in the last

est market surge. Most of the trading volume was concentrated in leading stocks. Philip Morris, up 1/4 at \$76 1/4, AT&T, 1/4 higher at \$39 1/4, and Westinghouse, up 1/4 at \$16 1/4, were among the most actively traded issues showing gains. RJR Nabisco, the tobacco and food group, also added 1/4 to \$10 1/4.

General Motors, on the other hand, lost 1/4 to \$23, while Citicorp - which rose earlier this week when it announced that fourth quarter provisions would be "in line with management's expectations" - eased 1/4 to \$10 1/4.

Retailers, by contrast, were generally weaker as the stock market absorbed reports of a disappointing holiday sales season. Dealings in Tiffany were delayed at the outset, after the upmarket New York-based jewellery group reported a worldwide sales advance of just 1 per cent between November 1 and Christmas Day, and a 3 per cent fall in the US. By the end of the morning, the shares were down 1/4 to \$42 1/4.

Transportation stocks were slightly easier, with the Dow Jones Transportation Index almost six points lower.

## Canada

TORONTO CLIMBED to new highs at midday, but volume remained thin in a slow post-holiday session. The composite index rose 26.4 to 3,428.4, advances leading declines by 215 to 138 in light volume of 5.63m shares valued at C\$72.56m.

Royal Trustco firmed C\$1/4 to C\$38 1/4. It said late on Monday that it expected 1991 operating earnings to rise by C\$140m over 1990 levels, and that it expected to pay its dividend.

Golds were the only sector to slip. Comex gold futures fell to their lowest levels since mid-September as the calm demise of the Soviet Union soothed fears of supply disruptions. Among gold shares, Placer Dome eased C\$1/4 to C\$11 1/4 and American Barrick by C\$1/4 to C\$30.

● The Johannesburg stock market remained shut.

## Dimensions shift and change in fund managers' game

Adrian FitzGerald reviews investment performance in 1991 and considers a reduced European weighting

No escape. No such thing; to dream of new dimensions. Cheating checkmate by painting the king's robe. So that he slides like a queen.

Robert Graves

INTERNATIONAL fund managers must sometimes feel that, like John Major at Maastricht, they are often forced to play a game of "12-dimensional chess". New dimensions appear every year, some disappear, some change subtly. Long-term strategic dimensions must be periodically re-examined; shorter-term tactical dimensions must be constantly reviewed.

This year has brought numerous economic and political changes for investors to consider - not least, for UK investors, the outcome of Maastricht and the prospect of ever-closer union with the rest of Europe. Will this increase or decrease the complexity of the international fund management game?

Indeed, are there any pointers emerging from the stock market and investment performance numbers for 1991?

Certainly, any festive spirit will not be in celebration of recent investment performance. It has been a wretched final quarter for most international investors. Sterling-based investors, in particular, will be

defeated. By the end of the third quarter they had enjoyed a 27 per cent return from the UK market and 26 per cent from other world markets. These returns for the year have now been whittled down to 14 per cent and 17 per cent respectively.

Making matters worse is the fact that many pension fund managers will not even have matched the 17 per cent return on overseas equities. The distribution of their overseas portfolios has been shifted substantially towards Europe in recent years, largely at the expense of exposure to the US and Japan.

And, as the table shows, continental Europe has not been the most rewarding investment area for them this year. Their underweight position in Japan has, of course, proved to be a disaster, although some investors may have been stung if reports of significant re-investment programmes earlier in the year are well-founded.

UK-based investors most likely to be on the back this year will have ensured that their portfolios had significant exposure to the US (29 per cent sterling return) and the Pacific Basin ex Japan (34 per cent). Speedy mention must also be made of Mexico (129 per cent), the best performing market in

Index*	STERLING AND DOLLAR TOTAL RETURNS 1991			
	Sterling returns 9 months (to 30.9)	Full year (to 23.12)	US dollar returns 9 months (to 30.9)	Full year (to 23.12)
UK	27.1	14.3	15.4	11.1
US	33.3	28.7	21.1	25.2
Japan	20.7	6.4	9.7	3.4
Europe ex UK	16.6	10.5	6.1	7.8
Europe	21.1	12.3	10.0	9.1
Pacific Basin	22.3	6.5	11.1	5.5
Pac Basin ex Japan	41.8	34.0	28.8	30.3
World ex UK	28.1	17.3	14.8	14.1
World ex US	22.3	10.7	11.1	7.6
World	26.2	16.9	14.6	13.7

\*FT-Actuaries World Indices

the FT-Actuaries series for the third year in a row and the provider of sterling returns close to 700 per cent over that period.

There have been few places like home for dollar-based investors. In line with other European currencies, unlike in previous years when substantial currency movements could add to, or subtract from, the returns earned from other European markets.

The D-Mark is just 1.5 per cent higher against sterling than it was a year ago, for example. Over the previous three years we have experienced movements of -6 per cent in 1990, 18 per cent in 1989, -8 per cent in 1988.

So, whatever their reluctance or misgivings, UK invest-

tors really have to recognise that the UK is now part of the European bloc. Wild currency swings can no longer be expected to play a large role in differentiating UK returns from those earned in the rest of Europe.

More arguably, investors must expect some convergence in underlying stock market performances if, and when, further economic convergence is achieved.

This convergence poses important questions for UK-based investors to answer, while reviewing the strategic dimension to their policy for 1992 and beyond. The increased exposure to Europe made in recent years by the typical pension fund has been achieved at the expense of exposure to other overseas markets, not the UK market.

Assuming that, following hard on the heels of currency convergence, we do start to witness economic and stock market convergence, the typical pension fund will now find itself less well diversified. A greater proportion of the overall fund will now be subject to the same factors and the same risks. Moreover, the fund will not benefit to the same extent in any period when the non-European markets and currencies perform relatively well.

Is there not, therefore, a case for unwinding at least some of

the weighting built up in the rest of Europe? Or, perhaps, reducing the weightings in the UK and shipping the proceeds into non-European markets?

Admittedly, these are heavy questions to chew over during what is left of the festive season. However, they will have to be faced. No doubt the immediate concern of investors is the short-term tactical dimension to their policy.

The economic outlook worldwide becomes more depressing almost daily as 1991 draws to a close. The odds now seem to be swinging in favour of a double-dip recession; and that "feel-good factor", much in evidence earlier in the year, is now only whispered. Interest rates are rising across the rest of Europe but are still being lowered in the US. It is anyone's guess what the next UK move will be.

To top it all, both the UK and the US are already in election-year mode. Yes, international investors face a bewildering set of unknowns as 1992 approaches. And UK investors have some tough strategic thinking to do. Twelve-dimensional chess was undoubtedly designed to be played only by the clear-headed.

Adrian FitzGerald is director of equity research at County NatWest WoodMac.

## EUROPE

## Returning bourses celebrate New York's record high

MOST OF the bourses closed on Thursday celebrated Wall Street's overnight record high on the day that the day and the night.

FRANKFURT gained more on the day than it did on the week. The FAZ and DAX indices each rose by 1.6 per cent to 10,116 to 8,631 for the former at mid-session, and 25.67 to 1,563.30 for the latter at the close. Gains on the week were 1.3 and 1.3 per cent respectively.

Volume rose from DM2.1bn on Monday to DM2.5bn. Car-makers and retailers showed some of the biggest rises. Volkswagen, pushing the DAX up to DM255.40 on production prospects, and Karstadt DM17.50 to DM221 on Christmas

sales. OSLO recovered after a string of lows, the all-share index rising by 17.12 to 48.37, up 4.4 per cent on the day and 3.4 per cent on the week, with impetus from both the industry index, which includes oil stocks, and shipping.

Turnover was an active NIK491.4m, owing to year-end dispositions which dealers said might have to do with funds taking profits for the year-end closing of books.

MADRID saw a more restrained repetition of Thursday's trading. The general index rose 1.3 to 257.31, for the week, more than doubling the moderate turnover of about Ptas15m, down from Ptas19m. Banco Hispano Americano

was again unusually active, rising Ptas25 to Ptas3,045 in volume of 1.18m shares. Hispano and Banco Central yesterday signed their merger agreement and Generali of Italy said that it had acquired a 5 per cent stake in the newly merged bank. Hispano, in which Hispano is offering to buy in the minority shareholdings, jumped another Ptas70 or 10.3 per cent to Ptas2,500.

PARIS was pushed higher by Wall Street and pulled lower by profit-taking, before closing almost unchanged. The CAC 40 ended 1.83 down at 1,720.55, but gained 4.4 per cent on the day and 1.5 per cent on the week.

STOCKHOLM featured a further recovery in the telecom-

communications group. Ericsson, which was even more spectacular than its recent drop, the B shares rose another SKr12 to SKr111 after a gain of SKr6 on Monday on news of a contract to supply mobile telephone equipment to Japan.

The Affarsvärlden General index rose 26.5 to 906.7, up 3.8 per cent on the week.

FT-SE Eurotrack 100 - Dec 27									
Open	10 am	11.30	12.30	1.30	2.30	3.30	4.30	Close	
1056.78	1056.86	1057.21	1056.89	1056.27	1055.86	1055.30			
Hourly changes									
Day's High 1057.65					Day's Low 1052.41				
Dec 24	Dec 23	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13
1042.60	1026.29	1032.92	1031.92	1043.04	1043.04	1055.55			

Data value 1000 GBP/1000.

ZURICH registered a 1.8 per cent rise, the Credit Suisse index gaining 5.5 to 450.1, up 3 per cent on the week. BRUSSELS watched Gechem, the polyurethane maker, fall again after its recent advance. Its preferred shares dropped Bfr36 to 10 per cent to Bfr312. The rest of the market was steady.

## ASIA PACIFIC

## Nikkei falls on supply and demand worries

## Tokyo

WALL STREET's overnight strength had a limited effect on Japanese equities yesterday, writes *Emiko Terazono in Tokyo*.

After a rise in the morning session, encouraged by Thursday's record high in New York and a rally in the bond market, the Nikkei average closed 17.75 lower at 22,437.32, still 3 per cent higher on the week.

The high for the day was 22,509.70, and the low 22,388.62. Liquidation of positions by leaders and a fall in the futures market caused the downturn.

Volume remained subdued at 210m shares. Declines led advances by 602 to 336 with 183 unchanged. The Topix index of all first section stocks fell 10.32 to 1,575.23 and, in London, the SE/Nikkei 50 index lost 3.30 to 1,287.20.

The day started auspiciously in Tokyo, on bond market hopes of an early economic indicator has confirmed a continuing slowdown in the Japanese economy this week and the yen has risen against the dollar, which fell below Y126

for the first time in 14 months, closing at Y125.75.

"The market is worried about the supply and demand situation rather than economic fundamentals," said an official at Daiwa Securities. He added that companies had started to liquidate stock holdings in trust funds. Selling of long-term holdings by banks and other financial institutions has also been noted in the past few weeks.

Konica plunged Y75 to Y735, a low for the year, in heavy selling on reports that a speculator, rumoured to be cornering the stock, had committed suicide. Other speculative issues also fell, with Toyo Ink down Y25 to Y855 and Okamoto losing Y86 to Y555.

Profit-taking hit public works-related issues, which had risen on Thursday on hopes of an increase in government spending. Nishimatsu, the construction giant, lost Y1.180 to Y71.80 and Hansa Ocean Construction Y10 to Y90.

In Osaka, the OSE average added 72.71 to 23,839.49 in volume of 26.8m shares. Small-trading supported share prices, while cross-trading by pension funds and companies in bigger

volume pushed up turnover. Sumitomo Chemical, Osaka's most active issue of the day, remained unchanged at Y465 and Sumitomo Bank, which was also heavily traded, was flat at Y2,010.

## Roundup

OTHER MARKETS in the region were more responsive to Wall Street than Tokyo. South Korea, New Zealand and Indonesia were still on holiday.

HONG KONG saw its steepest gains in property shares, as the Hang Seng index rose 43.44 to 4,238.30, up 2.3 per cent on the week. Turnover rose from Tuesday's half-day HK\$718m to HK\$1.01bn as dealers talked about prospects of an interest rate cut.

AUSTRALIA was led by a jump in the futures market, although profit-taking late in the day trimmed the gain. The All Ordinaries index closed 19.8, or 1.3 per cent, higher at 1,594.9, up 1.4 per cent on the week, in turnover of A\$183m.

News Corp gained A\$1 to A\$14 on Wall Street's strength. BHP, Australia's biggest company, rose 18 cents to A\$13.10 and Coles Myer, the country's

biggest retailer, rose 10 cents to A\$12.10.

SINGAPORE also noted profit-taking as the Straits Times Industrial index put on 11.09 to 1,467.87, up 2.9 per cent on the week. As with Malaysia, it has seen relatively active buying from government investment funds in recent weeks.

KUALA LUMPUR, like Singapore, took a cautious line on trading, with most fund managers away on year-end holidays, and expected to be absent next week as well. The composite index closed fractionally higher at 851.80, up 1.33 on the day and 2.1 per cent on the week.

TAIWAN enjoyed brisk trading, turnover rising from T\$25.9bn to T\$29.1bn as the weighted index gained 10.97 to close at 4,540.55 following a rise of 89 points on Thursday. The index picked up 2.1 per cent over the week. BANGKOK extended its uptrend, with strength in banks and other blue chips leaving the SET index 4.41 higher at 702.60, up 2.3 per cent on the week.

MANILA gained 1.1 per cent on the day and 2.9 per cent on the week as the composite index rose 13.09 to 1,151.87.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 28 1991										TUESDAY DECEMBER 24 1991										DOLLAR INDEX	
	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)						
Figures in parentheses show number of lines of stock																						
Australia (69)	143.93	+0.0	113.14	115.27	112.88	125.78	+0.0	4.42	143.92	113.74	115.63	115.68	125.78	160.31	112.74	117.55						
Austria (20)	162.38	+0.0	130.77	133.24	131.19	+0.0	2.80	166.36	131.47	133.66	131.38	131.31	222.37	133.86	193.06	193.06						
Belgium (42)	142.98	+0.0	111.92	114.02	111.86	109.90	+0.0	5.39	142.98	112.64	114.36	112.44	109.90	161.20	118.04	129.30						
Canada (115)	131.75	-0.1	103.57	105.51	103.32	110.76	+0.0	3.31	131.72	104.24	106.26	106.26	109.90	161.20	118.04	129.30						
Denmark (37)	265.08	+0.0	58.39	58.49	58.28	64.38	+0.0	1.79	265.08	58.29	212.98	208.34	213.26	270.55	217.74	229.81						
Finland (15)	74.28	+0.0	58.39	58.49	58.28	64.38	+0.0	3.74	74.28	58.70	50.68	58.68	64.38	125.16	73.32	101.77						
France (109)	147.54	+1.8	115.98	118.15	115.70	118.37	+1.1	3.71	144.82	114.53	116.42	114.44	116.04	152.26	119.12	129.30						
Germany (65)	115.38	+0.7	90.70	92.42	90.49	90.49	+0.0	4.34	117.93	135.68	136.13	135.79	172.18	176.14	119.22	132.34						
Greece (10)	171.83	+0.0	135.18	137.70	135.85	136.13	+0.0	3.79	171.83	136.13	136.13	136.13	136.13	136.13	136.13	136.13						
Hong Kong (55)	171.83	+0.0	135.18	137.70	135.85	136.13	+0.0	3.79	171.83	136.13	136.13	136.13	136.13	136.13	136.13	136.13						
Ireland (18)	164.02	+0.0	128.93	131.36	128.63	132.14	+0.0	3.73	164.02	128.63	131.78	129.53	132.14	182.46	132.88	146.71						
Italy (77)	72.78	+0.6	57.21	58.29	57.08	62.15	+0.0	3.73	72.78	57.17	58.13	57.12	82.19	102.92	124.37	124.37						
Japan (474)	312.28	+3.5	103.19	105.12	102.95	112.12	+3.1	2.81	312.28	103.19	105.12	102.95	112.12	182.46	132.88	146.71						
Malaysia (68)	210.87	+0.3	165.84	168.96	165.45	221.86	+0.3	2.82	210.87	168.96	168.96	168.96	168.96	168.96	168.96	168.96						
Mexico (10)	131.59	+0.0	103.40	105.25	103.99	437.88	+0.0	1.17	131.59	103.40	105.25	103.99	437.88	440.63	358.49	358.49						
Netherlands (31)	151.84	+0.7	119.38	121.60	119.08	117.85	+0.0	1.50	151.84	119.38	121.60	119.08	117.85	125.16	125.16	125.16						
New Zealand (14)	46.29	+0.0	35.39	37.08	35.31	45.12	+0.0	8.09	46.29	35.39	37.19	35.58	45.12	54.41	41.18	42.80						
Norway (30)	169.95	+0.0	133.59	136.11	133.29	138.00	+0.0	1.87	169.95	134.31	136.54	134.21	138.00	223.24	157.08	198.26						
Sweden (58)	169.95	+0.0	133.59	136.11	133.29	138.00	+0.0	2.17	169.95	134.31	136.54	134.21	138.00	223.24	157.08	198.26						
Singapore (38)	213.85	+0.7	168.11	171.27	167.71	180.39	+0.7	2.17	213.85	167.71	171.27	167.71	171.27	219.99	170.00	182.36						
South Africa (61)	246.11	+0.0	193.47	197.00	193.00	172.15	+0.0	2.86	246.11	193.47	197.00	193.47	197.00	246.11	172.15	131.61						
Spain (33)	171.81	+0.0	135.14	137.68	134.82	141.30	+0.0	3.16	171.81	135.14	137.68	134.82	141.30	171.81	141.30	131.61						
Switzerland (59)	58.78	+0.5	77.83	79.10	77.46	82.15	+0.0	2.43	58.78	77.83	79.10	77.46	82.15	146.50	146.50	146.50						
United Kingdom (236)	179.15	+1.4	122.94	125.27	122.67	141.95	+0.9	2.96	179.15	122.94	125.27	122.67	141.95	141.95	141.95	141.95						
USA (525)	142.98	+0.8	113.09	115.22	112.88	113.73	+0.2	4.24	142.71	112.88	113.74	115.63	125.78	161.50	125.95	132.72						
Europe (821)	178.21	+0.0	140.09	142.73	139.76	138.77	+0.0	2.31	178.21	140.09	142.73	139.76	138.77	161.50	125.95	132.72						
Nordic (107)	132.54	+3.1	104.19	106.15	103.95	107.51	+2.9	1.14	132.54	104.19	106.15	103.95	107.51	104.19	106.15	103.95						
Pacific Basin (178)	107.59	+1.1	107.59	110.02	107.74	110.73	+1.7	2.43	107.59	107.59	110.02	107.74	110.73	107.59	110.02	107.74						
Europe-Pacific (1539)	137.58	+1.4	128.09	130.51	127.81	131.35	+1.4	2.67	137.58	128.09	130.51	127.81	131.35	128.09	130.51	127.81						
North America (640)	128.94	+1.4	128.09	130.51	127.81	131.35	+1.4	2.67	128.94	128.09	130.51	127.81	131.35	128.09	130.51	127.81						
Europe ex UK (588)	122.85	+0.9	96.42	98.25	96.22	98.15	+0.4	4.07	122.85	96.42	98.25	96.22	98.15	96.42	98.25	96.22						
Pacific ex Japan (244)	145.21	+0.1	114.15	116.32	113.90	120.19	+0.1	4.07	145.21	114.15	116.32	113.90	120.19	114.15	116.32	113.90						
World ex US (1732)	139.07	+2.0	109.32	111.39	109.07	112.44	+1.8	2.46	139.07	109.32	111.39	109.07	112.44	109.32	111.39	109.07						
World ex US (1732)	139.07	+2.0	109.32	111.39	109.07	112.44	+1.8	2.46	139.07	109.32	111.39	109.07	112.44	109.32	111.39	109.07						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	115.10	112.72	127.46	112.67	115.10	112.72						
World Ex. So. Af. (222)	143.71	+0.9	112.67	115.10	112.72	127.46	+1.7	2.34	143.71	112.67	1											



## LONDON SHARE SERVICE

## AMERICANS

Company	Price	Change	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593
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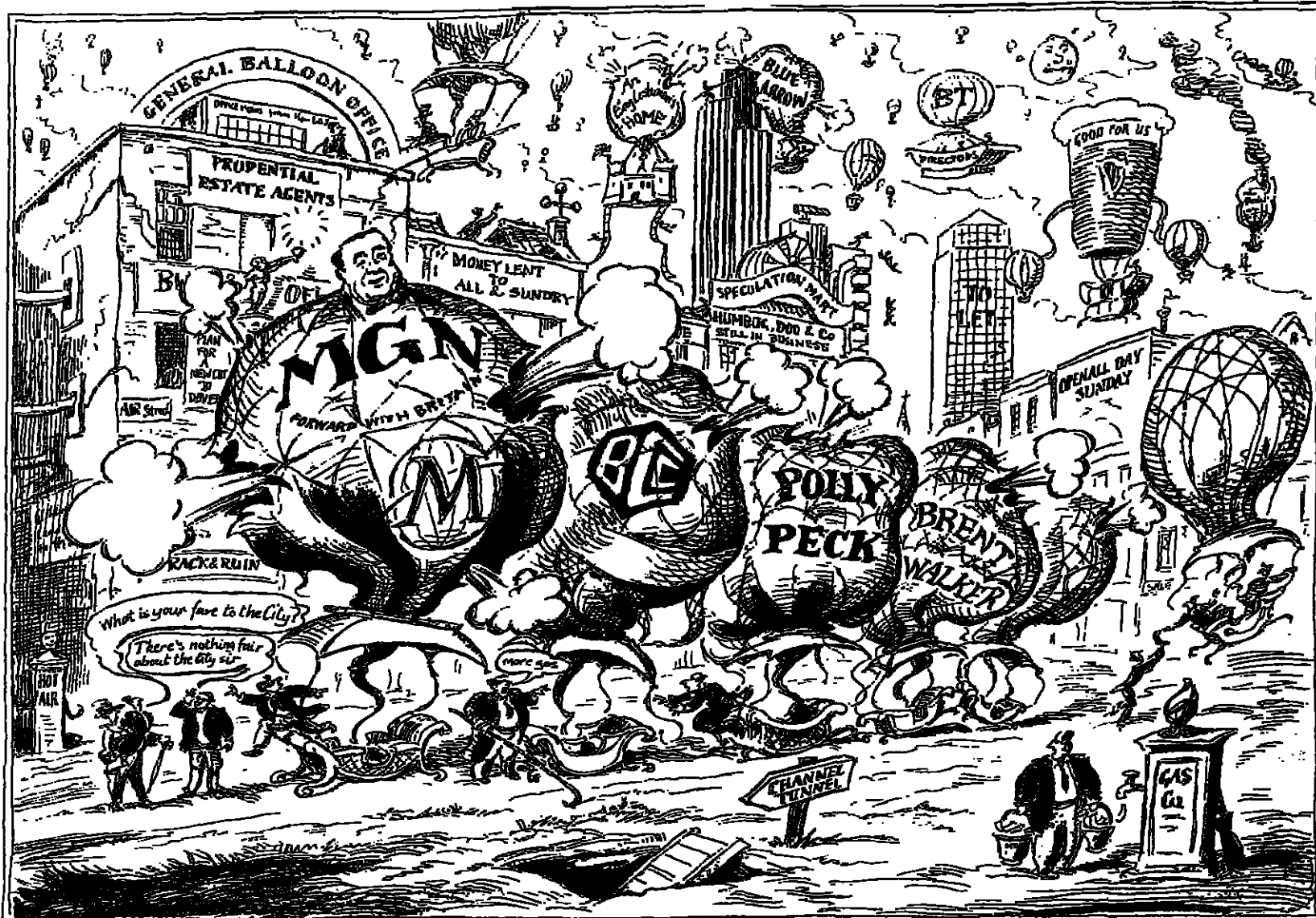


## LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

Notes	Price	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	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A Scene in the Forces of Projects - An D 1991 with apologies to G. Crankshaw

Balloons and bubbles have been a theme of satirical comment on the City's activities since the 17th century. This year's developments have made such treatment - supplied here in the manner of Crankshaw - topical once again.

Not since the 1980s have the misfortunes of an entire financial system been so closely identified with the activities of a few individuals. Mr. Agha Hasan Abedi's Bank of Credit and Commerce International, Mr. Robert Maxwell's public and private empire, Mr. George Walker's Brent Walker, and in each case - and in thousands of smaller cases, known only to the insolvency courts - bankers lent lavishly to

ventures which, in retrospect, appear the flimsiest of balloons. Without the hot air of credit inflation, the balloons collapsed. Bankers, their shareholders and their other clients have paid the price in the year about to end - and will do so well into the year ahead.

There is thus a good chance that this week's 90 point rally in the Footsie may look misplaced once market activity resumes in the new year. The thin volume suggests it was not convincing enough to encourage investors to forsake their Christmas firebrakes for the market. They did, however, miss the chance to sell into what, by recent standards, looks to have been a rare moment of strength.

It is easier to explain Wall Street's strength on the back of the 1 percentage point discount rate cut just before Christmas, than it is to see why London followed suit. The Federal Reserve's action may not justify a dramatic change in expectations: indeed, it could be seen as confirmation of an extraordinary lack of economic confidence for this stage in the cycle. But US interest rates are now so low that cash is hardly an attractive investment. The question is whether the Wall Street rally simply results from a one-off shift of funds away from the money market and into equities, or whether it will be sustained. The former looks more likely at the moment. Bond markets are hardly counting much economic recovery.

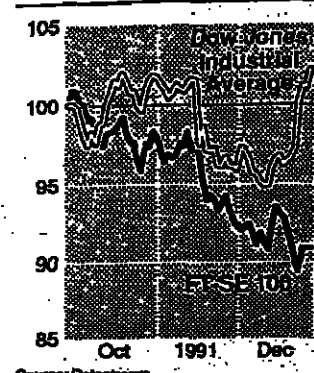
Even if the US economy were about to turn the corner, the UK still has plenty of problems of its own. The housing market is in worse shape than in the US and real interest rates of some 6 per cent are substantially higher. The D-Mark lost ground yesterday afternoon as funds flowed into the yen. If that continues, pressure on sterling might be reduced, but it is hard to see the UK managing indefinitely to run an interest differential against Germany of just 0.75 percentage points.

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## A diversion up Wall Street

FT-SE index 2,418.7 (+34.3)

Indices rebased



Source: Datastream

even assuming early reflation, the expectation has been that sales of these products now withdrawn from the US market will not be returned to their previous levels until well into the second half of next year. Intel, meanwhile, is unlikely to be under serious threat today. The reason for yesterday's renewed wobbles in the shares was the mere thought that a product which accounts for such a large slice of profits might in the not too distant past have been at risk. Coming on top of growing disillusion with the company's secretive style, doubts over operational management and concern at the lack of dual sourcing, the punishment meted out by the City is readily understandable.

The question is whether the treatment has been overdue. Assuming profit forecasts of around £200m for 1992 do not prove optimistic, the shares are now on an average market rating, which seems extraordinary for a pharmaceutical stock. Fisons may not deserve much of a premium these days - but takeover hopes are sure to be revived if the price falls much further.

### Fisons

Investors can only hope that Fisons' product problems come in threes. Earlier this month, the market was stunned by news that the US Food and Drug Administration's ban on Opticrom and Imverex would cut profits by £55m this year. Yesterday, the share price took another knock following reports in a US newsletter - at least partially confirmed by which suggest that the lucrative inhaler drug may have been lucky to escape a similar fate.

The latest revelations about Fisons and the FDA are probably of little financial significance. US regulators are not renowned for their speed and,

Investors were none the wiser about 3i's intentions after last week's resilient half-year results. But whether the much-hyped flotation takes place before or after a UK general election, a more interesting question is the venture capital group's stock market timing. Launching an issue at or close to the bottom of the cycle, at the behest of financially straitened shareholders, hardly seems an auspicious way to extract a good price. Much will depend on how it is perceived. There will, for example, be plenty of work for

## Winter comfort for those in the snow business

By Michael Skapinker, Leisure Industries Correspondent

IF YOU are worried about your business surviving the recession, spare a thought for the providers of skiing holidays. Not only do they have to worry about the collapse in consumer spending, they also have the added worry of whether resorts will have enough snow.

But their plight is not as bad as you may think. There is plenty of snow at the continental resorts this year and it seems people are going skiing despite recession, bankruptcies and home repossessions. It is what the travel industry calls the "good" factor.

Mr Russell Amerasekera, spokesman for Thomas Cook Travel, says: "It's a pattern over the whole of the travel business. Many people have decided: 'if we don't have a holiday there's not a lot to look forward to'."

He also says that the number of UK skiers heading for the slopes this December is 20 per cent up on last year and high altitude Austrian resorts such as St Anton, Obergurgl and Mayrhofen are doing particularly well.

However, comparisons with this time last year can be misleading. A year ago the Gulf was about to plunge into war and skiers had also become

disillusioned by the two previous years when resorts had experienced little snow.

A more realistic assessment would be to compare this month's figures with those of two years ago. According to Mr Kory Byrne, a director of Powder Byrne which sells expensive skiing holidays in resorts like Klosters and Zermatt, even using the 1989 comparison this winter looks good.

Mr Byrne says the number of UK skiers taking his company's December packages, which cost an average of £1,000 a week, is up 15 per cent on two years ago and up 52 per cent on last year.

Mr Byrne says one phenomenon which has noticeably declined is that of companies providing skiing holidays as a director's perk. Another change is that people are booking winter holidays later. This is partly caused by financial worries but is also the result of skiers waiting until they are sure there is enough snow.

If skiing conditions remain good, Mr Byrne expects business to stay strong.

Mr Amerasekera says skiers booking later in the winter should not expect discounts.

Snow danger and delight, Weekend Page XII

## Algeria's fundamentalists win strong support in polls

By Francis Ghiles in Algiers

ALGERIA'S leading opposition party emerged yesterday with a very strong chance of gaining an absolute parliamentary majority in the country's first-ever multi-party general elections.

Thursday's first-round voting in the country's 386 constituencies which declared yesterday gave the Islamic Salvation Front (FIS) 187 seats against only 16 for the Front de Libération National (FLN), which has held a monopoly of power since Algeria, north Africa's biggest country, became independent in 1962.

The result of next month's second-round voting - in constituencies where no candidate won an overall first-round majority - is not a foregone conclusion. But the opposition party now needs only a further 49 seats for a majority in the 430-seat National Assembly.

However, only 58.55 per cent of eligible voters went to the polls, raising the possibility that a large turnout in the second round could still keep an absolute majority from the FIS.

Support for the FIS springs from the many difficulties which confront Algerian society.

The fundamentalist vote represents a protest against the lack of freedoms, particularly the linguistic one, that characterised Algeria until 1988. It is also a reaction against corruption and what many Algerians view as a lack of effective government under FLN domination.

The FIS victory was achieved despite the detention of its two main leaders, Mr Abassi Madani and Mr Ali Benhadji, who are in prison awaiting trial for their alleged role in last June's riots. Also, support for the FIS does not appear to have been dented by the attack on an army barracks three weeks ago in which clashes between the army and fleeing fundamentalists cost more than two dozen lives.

Further humiliation was heaped on the ruling FLN in the Berber heartland of Kabylia, east of Algiers, where 20 seats were won by the leading lay opposition party, the Front des Forces Socialistes (FFS). This is led by Mr Hocine Aït Ahmed, a veteran of the war of independence against France and long-time political exile.

Only three independent candidates secured parliamentary seats in the first round, apparently confirming that many of the parties competing in the elections had shallow support.

In spite of the relatively low turnout and the omission of many names from voting registers, no serious incidents marred the polls, which Prime Minister Sid Ahmed Ghouali, appointed after last June's aborted elections, has promised will be fair.

Reuters adds: "Allahu Akbar (God is Great)" echoed over the hills above Algiers from 10,000 worshippers when a preacher, Mohamed Houmeini, said those who had not voted FIS would go to hell. "Backed by the support of the people, the FIS will bring about the installation of an Islamic state this year," he added.

A western diplomat following the poll closely said: "This has given the FIS the psychological edge for the second round. It is going to be very hard for anyone to keep them out. It looks as if the FIS is heading for an outright majority. Even deals will be difficult to stop them getting another 50 seats which is all they need."

### Russia

Continued from Page 1

relations deteriorated. The daily Komsomolskaya Pravda wrote that tactical weapons had been withdrawn from the three Baltic states, the three Transcaucasian states and Moldova, leaving them in sight of the republics. Russia, Ukraine, Belorussia and the five Central Asian republics.

According to the evening paper Izvestia, Mr Gorbachev turned up to clear out his Kremlin office yesterday to find Mr Yeltsin already installed.

He had a further cloud put over his resignation by Mr Valentin Stepankov, the Russian prosecutor general, who wrote in his 122-page memoirs that Mr Gorbachev was implicated - in a way he did not specify - in the August putsch.

However, Mr Stepankov said that evidence of this was held back "to give him [Mr Gorbachev] a chance to reach the stage when a peaceful transition of power from the Union to the new Commonwealth of Independent States could be implemented."

Mr Stepankov said Mr Gorbachev's account of the putsch in his book The August Coup was deficient and that "a full assessment can only be given by the court where all the materials will be analysed, and not just his views."

Against the dollar, the yen - which had been buoyed by a four-fold rise in the November trade surplus - advanced to ¥125.5.

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### Hope of rally

Continued from Page 1

exchange rate mechanism, reflecting its vulnerability in the wake of recent rises in interest rates in Germany, France, Italy and Spain.

Traders in the money markets did not assume sterling's position would necessitate a rise in UK interest rates.

The sterling three-month interbank rate eased slightly from its previous close to drop below 11 per cent.

As this is still higher than the current base rate level of

10.5 per cent, it shows the market is still divided on whether the next UK rate move is up or down.

Sterling dropped to DM2.839 at one stage in London before closing at DM2.8475, in fairly active trade. On its Bank of England trade-weighted index against a basket of currencies, the pound lost 0.2 to close at 91.7. The Bank did not intervene to drive the pound away from its ERM floor - although it was thought to have

regarded its distance from its lower permitted limit of DM2.8321 in the system to have been extremely small.

There were reports that the Bank of Italy sold D-Marks yesterday, and the flow of funds from the D-Mark helped a strong advance in the yen.

Against the dollar, the yen - which had been buoyed by a four-fold rise in the November trade surplus - advanced to ¥125.5.

### CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dms)		
Bayer	1740	+ 140
Boehringer	1050	+ 100
Deutsche Bank	515	+ 30
Deutsche Telekom	735	+ 75
Deutsche Post	225	+ 25
Deutsche Telekom	537	+ 48
Deutsche Telekom	1030	+ 120
LONDON (Pence)		
ADT	263	+ 21
ADT	38	+ 5
ADT	383	+ 17
ADT	34	+ 3
ADT	219	+ 24
ADT	212	+ 13
ADT	50	+ 5
ADT	132	+ 9
ADT	31	+ 3
ADT	959	+ 35
ADT	92	+ 4
ADT	938	+ 11
ADT	525	+ 15
ADT	130	+ 8
ADT	743	+ 15
ADT	671	+ 20
PARIS (FFrs)		
ADT	447	+ 9
ADT	654	+ 24
ADT	585	+ 42
ADT	337.5	+ 12.5
NEW YORK (\$)		
ADT	579	+ 18
ADT	817	+ 27
TOKYO (Yen)		
ADT	145	+ 11
ADT	148	+ 11
ADT	52	+ 6

### WORLDWIDE WEATHER

UK Today: England and Wales will be bright in many parts though fog patches will linger in the Midlands and the south. There may be drizzle in western coastal areas. Fog should clear quickly in Scotland and Northern Ireland. Temperatures around normal. Outcrops of rain spreading southwards. Windy in the north.

Location	Temp	Wind	Cloud	Temp	Wind	Cloud	Temp	Wind	Cloud
Amsterdam	8	10	10	10	10	10	10	10	10
Antwerp	8	10	10	10	10	10	10	10	10
Berlin	8	10	10	10	10	10	10	10	10
Brussels	8	10	10	10	10	10	10	10	10
Cologne	8	10	10	10	10	10	10	10	10
Düsseldorf	8	10	10	10	10	10	10	10	10
Frankfurt	8	10	10	10	10	10	10	10	10
Hamburg	8	10	10	10	10	10	10	10	10
Köln	8	10	10	10	10	10	10	10	10
Leipzig	8	10	10	10	10	10	10	10	10
Munich	8	10	10	10	10	10	10	10	10
Nuremberg	8	10	10	10	10	10	10	10	10
Paris	8	10	10	10	10	10	10	10	10
Rome	8	10	10	10	10	10	10	10	10
Stuttgart	8	10	10	10	10	10	10	10	10
Vienna	8	10	10	10	10	10	10	10	10
Zurich	8	10	10	10	10	10	10	10	10

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# Weekend FT

SECTION II

Weekend December 28/December 29 1991

## Hungarian fixer with a Filofax

Gorbachev has gone. Eastern Europe is in ferment. Malcolm Bradbury's unpublished novel catches the mood.

A chance encounter leads journalist Francis Jay to join a film company as a researcher. His first task is to track down Dr Bazlo Criminale, the mysterious and elusive philosopher, for a series of programmes with the working title "Great Thinkers of the Age of Glasnost." He flies to Budapest, where his best hope of meeting Criminale seems to rest with the extraordinary Hungarian fixer, Sandor Hollo, and his woman-friend, Lidiko Hazy. In the first of two extracts from Doctor Criminale, we begin to sense that all is not quite as it seems...

THE maitre checked a plan that lay in front of him on his lectern-like desk. "I suppose you are with a film, sir, yes?" he asked me. "Well, I am, that's right," I said. "Ah," he said. "Well, sir, tonight we have BBC making *Magret*. Channel 4 making a series on the European Community I think is very good. Which one, sir?" "Oh, none of those," I said. "I'm here on my own."

"Really it is too bad," said one of the Hungarian beauties, who had wandered across from the bar with her Campari and soda and was now standing by my side. "It is not good to be all alone. If you like it and have twenty dollars I will have dinner with you." "A table for two, sir?" asked the maitre, looking at me with an air of deep human understanding. "No, thank you," I said. "Actually I quite like being on my own."

That night I slept very peacefully (and also entirely singly) in my bed somewhere in the middle of the great river Danube. In the morning I woke early, and looked out of my window. There were sweat-soaked sheets already jogging on the racks outside, towelled bathers already on their way to their suburban pleasure in the nearby bathhouse. Fishermen fished, birds flapped and darted, long low Russian cruiseboats slid by on the river, and cars and frolic between here and there.

I picked up the telephone and dialled my number again, and this time someone answered: "Hollo Sandor." "I believe you can help me," I said. "Yes, I think so," he said. "I haven't explained what it is yet," I said. "No, but I can help you," said Hollo Sandor.

A little mystified, I explained that I was a British television filmmaker working on the subject of Doctor Criminale, and that I should

like to consult him. "A film?" he said. "Everyone makes a film in Budapest now. We are so cheap, of course. Now we are Paris, now we are Moscow, now we are Nice, now we are London, now we are Sydney, Australia. Never of course Budapest. I think they make films about Budapest in Prague. Very well, you like us to meet about your film?" "If you can give me the time," I said. "I imagine you're very busy."

"For you I find the time," Hollo said. "Let us meet at noon at the Petofi statue on the Danube promenade. He is our great poet, you know, so everyone will tell you where it is. By the way, you are on expenses?" "Yes, I am," I said. "Good," he said. "Then I think we will go somewhere very nice. I know all the places. I will see you at Petofi."

When I found him at last, he was not at all what I expected. I had imagined a small, intense philosopher, probably carrying a worn leather briefcase and engaged in abstruse thought. Instead a young man in a dashing white raincoat, blond highlights tinted into his dark hair, passed me by three times, glancing over his shoulder at what I assumed was erotic invitation.

Finally he walked directly over to me and held out his hand. "You are Franz Kay?" he asked. "No, it's Francis Jay, actually," I said. "Jay or Kay, it makes no difference," he said. "Unless you are Kafka. I am to meet Hollo Sandor, to you Sandor Hollo. It makes no difference either. What is a name? And so you like to talk to me about your film?" "I was told you could help me," I said. "I think not here," he said, glancing at the crowd. "Excuse me, but old habits die hard. In any case I know a very nice place over in Buda for your expenses. Don't worry, I have a good car, by the way." "Fine, then, let's go," I said.

"One moment," he said. "Before we leave our excellent Petofi, one small lesson in Hungarian. Look across the river. Do you see those two hills?" Yes, I did indeed. "On Cellert Hill, on the left, do you see the monument with the winged victory on the top? That is our monument of grateful thanks to the Russian soldiers who liberated us so kindly. Put up, of course, by those Russian soldiers. And now, on Castle Hill, to the right, do you also see a great white building?" I did. "That is our monument of grateful thanks to the American people who sent us so much of their precious Coca Cola," said Hollo. "Put up, of course, by those same American people. It is the Budapest Hilton. In Hungary we have learned one thing very well. History is either one of these, or the other. This year we are all for the Hilton. Why not? Isn't a bed and a minibar better than a tank? You agree?"

Hollo nodded gravely to me and led me over to his car, a shiny red BMW with racing stripes and rear spoiler, which he had parked flamboyantly right across the pavement. "Ultimate Driving Machine," he said. "Please get in. By the way, you can smoke in here. This is not the West, it is a free country."

I sat in the low front seat and Hollo scorching off round the square and up over the Elizabeth Bridge, dodging between clanging yellow trams and slow chugging Trabant. Over on the further bank of the river, he pointed to a large decorated piece of concrete that stood among the trees. "Piece of the Berlin Wall," he said. "They sent it to us because we opened our borders and led out the Germans. You know here was where the great change started. The *wende*, they call it, the turn. Oh, do you like to buy some,

by the way? I can get you very good pieces, the real thing, there is a lot of fake wall around now. Also Russian tank driver hats."

We began zigzagging up the great Buda hill, around the vast restored castle, I looked at Hollo, who was changing gear joyously on every bend. "Are you really a teacher at the university?" I asked.

He looked at me and laughed. "Believe me, if I drive this, I don't do that," he said. "Do you know how much a university teacher gets in my country, maybe one-sixth of what you would make in the west. No, I am a juppie." "What is a juppie?" I asked. "You don't know?" he said. "Very mobile young businessman." "Oh, a yuppie, I said. "You didn't notice my red braces?" he asked, and began putting items in the car. "CD player, equaliser, central lockings, even Filofax. We have seen on television here your *Capital City* programme and know how it is done." "Well, very nice," I said.

We had driven up to the top of the hill, through tree-lined streets past fine merchants' houses, and now we stopped somewhere between the Saint Matthias church

and the Budapest Hilton, which between them dominated the heights. "Over here, Fisherman's Bastion, you have heard of it?" asked Hollo. "It is what everyone remembers of Budapest." Fisherman's Bastion was the delightful concoction of battlemented walls and fairy-tale turrets I had been looking up at from my hotel window below. From it you had, in turn, a fine view over Margaret Island, the traffic of the flowing Danube, the spread of Pest, the Parliament Building, the power station, the ugly workers' high-rise blocks in the distance, and then the plain stretching out beyond.

"Charming, yes," said Hollo, lighting a cigarette. "And now you see our trick. Here we have built a great European city, two in fact, one old and one new. Our only problem is our European cities are not in Europe at all. Budapest is Buenos Aires on the Danube, all a pretend." "How is it a pretend?" I asked. "First, nearly all these buildings were not designed for here at all," said Hollo. "See there our lovely Parliament down by the river, which hardly meets, by the way. The architect loved your House of Commons, so he made us one. The Chain Bridge, built by a Scotsman

in a kilt. Eiffel tower from France made the railway station. Our boulevards are from Paris, our coffee houses from Vienna, our banks are English, the Hilton American. You see why they make films here, we are everything. And this old castle, Fisherman's Bastion, from which nobody has ever fished, by the way was built as a fantasy at the turn of the century. So you see it is Disneyland, and we are Mickey Mouse."

Hollo led me down from our viewpoint and back between the Cathedral and the Hilton, into a smart square beyond. Fine merchants' houses surrounded the square, and Hollo went into the courtyard of one of these. Then he opened a door, drew aside a curtain, and ushered me inside.

Inside was a small, smart restaurant - the Restaurant Kiss - where a few neatly dressed diners sat in small booths at pleasant tables against the white walls. Black and silver fish of various edible species gaped tragically from an aerated tank by the entrance. Hollo tapped the side of the tank and said, "Fogas, from our lakes, you must try it. But first, palinka." A waiter in an embroidered short jacket served us. "To your good health and fine hospitality," said

Hollo, proudly displaying his red braces and blue striped shirt. "May there be plenty more of both. So you make a film about Criminale Bazlo, Bazlo Criminale. How can I help?" "Well, I have to tell you I was expecting to meet a philosopher," I said. "I was that once," said Hollo. "Not any more. Don't you know that philosophy is dead?"

"What do you do?" I asked. "I just told you about the *wende*, the big change," said Hollo. "And I am a changer." "A changer, I am a changer," I said. "And what do you change?" "The world and myself," said Hollo, swirling the palinka in his glass. "How do I explain? I fix things." "What things do you fix?" "When the world changes, it seems everyone needs something," said Hollo. "Do you like a nice apartment in the Valley of Roses, a little biscuit business in Szeged? Do you like a phoneline to the West, a fax machine from Vienna? Maybe you like a tram company from Gsepel, or a small share in pornography business at Lake Balaton? I can fix. And when you make your film here, and you need back-ups, transports, locations, hotel rooms, contacts, I can fix that too..."

The door curtain to the restaurant lifted; in the entrance, a slim tall girl stood, looking around. She was blonde, blue-eyed, a Hungarian beauty; she wore a short furry topcoat over a blue minidress. Hollo waved at her; she waved back. "Oh, I just forgot to mention," he said. "I told a friend of mine you would buy her lunch. You don't mind, I hope?"

Hollo leapt up. "This is Mr Jay or Kay, I don't remember." "Francis," I said. "And this is Lidiko Hazy," he said. "You are late, darling, always late. And this man is asking me such questions about Criminale Bazlo." "Criminale Bazlo, do you

Turn to Page XIII



ferguson

FINANCIAL MARKETS

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### The Long View/Barry Riley

## Election and selection



It happens our own interest rates in the UK are close to the average for the past couple of decades. They are still are much too high for comfort.

Last year at this season I was bullish of the stock market for fairly simple short-term cyclical reasons. Those factors ought still to apply this year, but less, emphatically and anyway, the short-term cycle is clearly being overlaid by something more powerful. In the US, for instance, it is no ordinary recession when mighty companies like IBM and General Motors are forced to downsize themselves drastically. As for Japan, the 1990s bubble of asset overvaluations is being deflated only very slowly.

The bearish forces have come into play with a vengeance in the final quarter of 1991. Fundamentally the problem of indebtedness dominates. There is far too much debt around the world, and a significant part of it will have to be eliminated somehow. In past depressions, notably 60 years ago, this was achieved with catastrophic results through default. This time America is bailing out its banking system and the recession is relatively shallow, if persistent; but the big question remains whether the US public sector can possibly bear the burden of the private sector debt which it is assuming. In avoiding an economic crisis at home the Americans may be heading straight towards a dollar crisis overseas. In theory we should be able to watch these developments in a relaxed manner in Britain because we have detached ourselves completely from the dollar, to which we used to have half a connection. But the D-mark is a very demanding peacemaker, and year two of the adjustment process within the exchange rate mechanism looks like being much tougher than year one. Indeed 1992 will present immense challenges to the whole European Monetary System.

WE GO into 1992 with the lowest US short-term interest rates for 27 years, but the German discount rate at its highest since 1931. Clearly something is badly dislocated somewhere, although as it happens our own interest rates in the UK are close to the average for the past couple of decades. They are still are much too high for comfort.

Last year at this season I was bullish of the stock market for fairly simple short-term cyclical reasons. Those factors ought still to apply this year, but less, emphatically and anyway, the short-term cycle is clearly being overlaid by something more powerful. In the US, for instance, it is no ordinary recession when mighty companies like IBM and General Motors are forced to downsize themselves drastically. As for Japan, the 1990s bubble of asset overvaluations is being deflated only very slowly.

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For the time being, however, the analysts are continuing to trim back their forecasts. I am also worried about dividends in the coming year. Many companies are likely to implement the cuts which the *Bunked* in 1991.

Some of the apparently rock solid sectors, like the utilities, would be very vulnerable to political changes. The danger of individual major corporate collapses is far from over, too, and the banks are not home and dry.

All the same the UK market has been so weak during most of December that there should be some scope for recovery early in the New Year. The "January effect" is usually worth nearly 5 per cent in the London equity market, although the Christmas surge may have pre-empted some of that. Beyond January, the trend of interest rates will be crucial. If German short-term rates do not start to come down until the middle of the year, as seems possible, it could take some time for confidence to be rebuilt.

It is possible, nevertheless, to project quite a bullish scenario for the latter part of next year. Inflation could be moving down again (although it may be disappointingly stuck at close to 5 per cent for much of the earlier part of 1992). That would allow gilt-edged yields to decline, creating a promising background for equities. And although the profits recovery may be a story for 1993 rather than next year, it could certainly be discounted much earlier.

Given a fair wind this market will go ahead again fast and I am inclined to think the indices will be showing net gains by the year-end.

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## FINANCE AND THE FAMILY

# Ten top tips for '92 from the experts

Philip Coggan seeks advice on new year resolutions

**T**HE TURN of the year is often the time when individuals consider their personal finances, if only to wonder how on earth they will pay their Christmas credit card bills. In that spirit, we asked a group of financial advisers for the new year's resolutions that they would adopt for 1992. Here are their top ten tips.

Accept that interest rates and inflation, and investment returns generally, are going to be lower in the 1990s than the 1980s, says Clive Scott-Hopkins of Towry Law. Expectations must accordingly be lower. However, in real terms, the return on asset-backed investments (equities and property) should be higher.

Keep calm in volatile markets, says Nick Mercer of Hill Martin. Remember that recessions do not go on forever and often prove the best time to make long-term strategic investments.

Plan investments on a global basis, says Barry Stillerman, accountants Stoy Hayward. Britons invest in a parochial

manner. As they earn and spend in sterling, it has been safer for them to invest in sterling. However, the pound could conceivably be realigned downwards within the Exchange Rate Mechanism during 1992. Get advice on the potential risks and benefits of currency deposits, and on a more global equity-based portfolio.

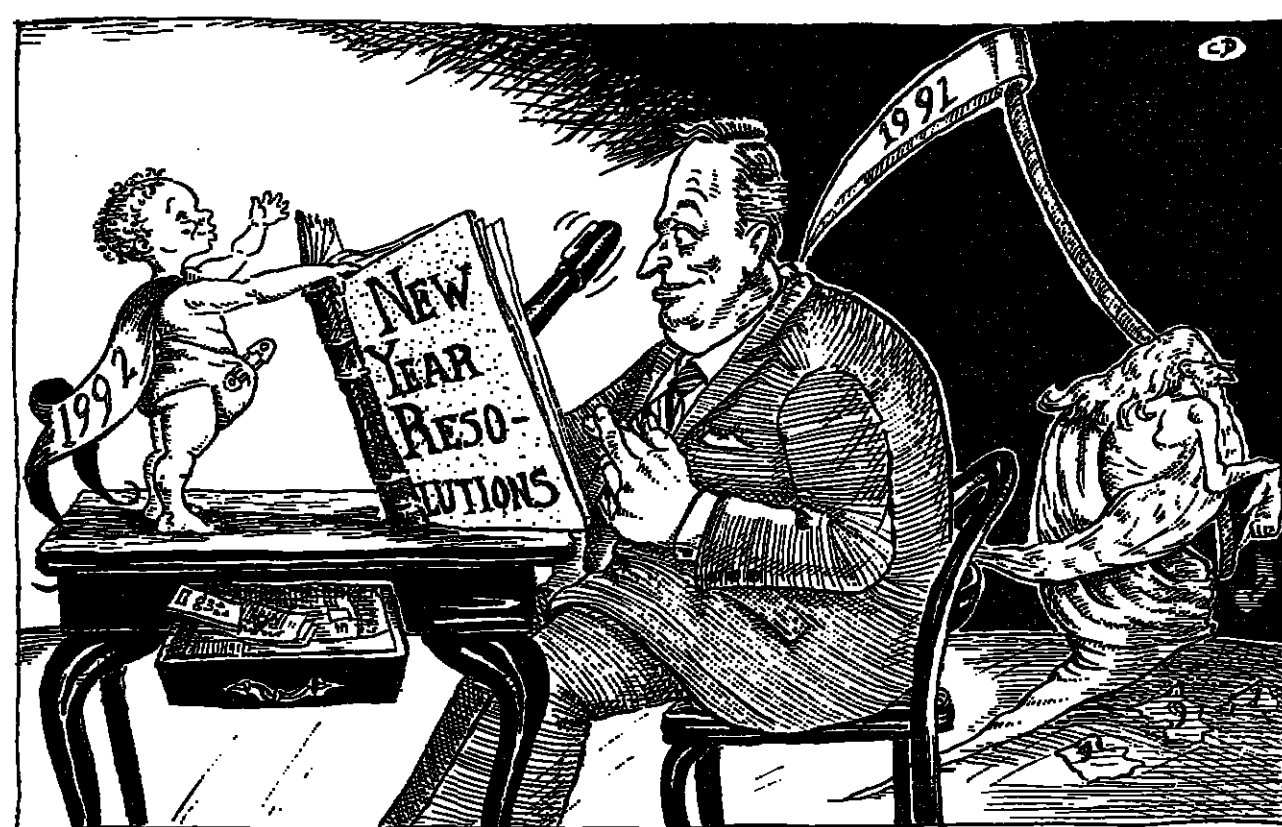
Obtain the maximum possible benefit from independent taxation, says Peter Rayney of accountants Moores Rowland. If your earnings are substantial (say over £20,000) but your spouse has little income, then tax will be saved by transferring some of your investments or spare cash to your partner as an outright gift. The broad effect is to divert income from your hands (which would have suffered tax at 40 per cent) into your spouse's hands (which would not bear any tax liability up to £2,385 with any excess being taxed at 25 per cent). To ensure benefit is gained in the current tax year, choose investments which will produce income or interest before April 5, 1992.

Try to use your annual CGT exemption for 1991-92, adds Rayney. If the annual Capital Gains Tax exemption is not used up, it cannot be carried forward and will therefore be lost. An individual taxpayer should therefore ensure he makes sufficient gains to cover his or her annual exemption of £2,500 for 1991-92. A married couple each has an exemption. One easy way of achieving this is by entering into a "bed and breakfast" arrangement. This entails selling a sufficient number of shares in a particular company in order to realise a gain which is within the CGT limit (after indexation). On the following day, the same shares would be repurchased using the proceeds. These shares will therefore have a higher cost base for CGT.

Write your will and consider IHT planning, says James Higgins of Chamberlain de Broe. The Labour party, were it to achieve power, would introduce some harsh inheritance tax rules. What is not widely known is that the Conservatives too have made noises

about getting rid of potentially exempt transfers, the allowance which permits you to make lifetime gifts to your children without paying tax. Review your estate now. Do not rush into tax-based investment plans but choose investments carefully for performance, says Hill Martin's Mercer. Tax planning can then take place afterwards to help shelter the profits to be made. This will help avoid the problem of the tax efficient investment that goes down in value. Buy advice, not products, says Higgins. This year, resolve to get good advice and not just dress up insurance products or sales hyperbole; make sure you know what you are paying for and, above all, how much you are paying.

Resolve to maximise your National Savings allowances, adds Higgins. Buy National Savings certificates instead of long-term deposits. They produce tax free growth rather than taxable investment income - remember the Labour party have threatened to reintroduce some form of



investment income surcharge. Also index-linked gilts are attractive given that most of the return is in the form of tax-free gain rather than taxable income. Increase your charitable gifts

tax efficiently, says Stillerman. During the season of goodwill pledge to increase your charitable giving, in spite of the recession. If you give less than £500, do so by deed of covenant. This will benefit the

charity by 33 per cent over four years. If you are a higher rate taxpayer, you can also benefit by 20 per cent over that period. You could pay all your charitable donations through a charitable trust, such as the Charities Aid Foundation, and let it handle the administration - for a fee. Gifts of cash over £500 should be paid by gift aid so that the tax relief is received in one year rather than four.

## New PEP expands options

But is it just an unnecessary addition to a complicated range? asks Philip Coggan

**T**HE THRIVING family of Personal Equity Plans gets a new member from January 1 - the single-company PEP. Introduced in the 1991 Budget by Chancellor Norman Lamont, it adds further complexity to an already complicated product range.

The new PEP, which has an investment limit of £23,000, can be bought as well as a conventional plan (limit £5,000). Thus, investors can for the first time have two PEPs in a tax year; and a husband and wife can open £18,000 worth of PEPs a year.

What is odd about the new plan is that it was already possible for investors to open a £5,000 PEP which invested in just one company's shares. This was usually known as a corporate PEP.

So, the single-company PEP seems something of a needless addition, although it does make life easier for employees who buy shares in their own companies (see David Cohen's story below). Increasing the PEP limit to £23,000 might have been a lot simpler.

You must remember, however, that the Government's determination to create a shareholder democracy. The PEP rules have been biased consistently in favour of direct investment in equities and against collective funds such as unit and investment trusts. This is despite the fact that it is much safer for small investors to get access to the broad portfolio of shares that unit and investment trusts can provide.

Those people who should be most interested in the single-company PEP are those who already have a large portfolio

of shares. "Large" in this instance probably means a minimum of £20,000, split at least 10 ways. Such people already are taking the risk of investing directly in equities; they might as well do so tax-efficiently.

Even these investors still face two problems. The first is that if most shareholders want to transfer an existing shareholding into a PEP, they must sell their shares and allow the plan manager to buy a similar number and place them within the plan. This adds not only to dealing costs but raises the possibility of a capital gains tax bill on profits earned before the PEP is opened.

The second problem is to ensure that the charges do not outweigh the tax benefits. A good rule of thumb is that if a company is sponsoring a plan, the charges are likely to be more attractive than a scheme offered by an outsider.

Take, for example, the single-company PEP offered by ICI, through Bradford & Bingley. There is no initial charge and the annual charge is only £10, plus VAT. Dealing commission on both buying and selling is just 0.25 per cent; add stamp duty, and the dealing costs of transferring ICI shares into a PEP are only 1 per cent. You would also face a bid-offer spread of perhaps 1-2 per cent. So, the cost to an existing shareholder of transferring £23,000 into an ICI PEP would be, at most, £100.

The present yield on ICI shares is around 6.5 per cent, so the gross dividend on a £23,000 investment would be £210. The income tax saving from a PEP would, therefore, be £25.50 a year to a basic-rate payer and £84 a year to someone on the top rate. Plan charges ought to be earned back within a couple of years.

That is purely the income tax benefit. Those with larger portfolios might well be CGT payers and so would avoid the 25 or 40 per cent charge on their profits. ICI does, however, impose a closure charge of £5. ICI's plan is particularly cheap, Hargreaves Lansdown, a financial adviser, levies an initial charge of £25, plus VAT (only on plans opened before Jan 22; thereafter, £50 plus VAT), and an administrative charge of £20 per annum on its single-company PEPs. On top of this, of course, are brokers' commissions (not normally exceeding 1.5 per cent, according to Hargreaves Lansdown) and stamp duty.

So, an investor transferring shares in a low-yielding stock, say, Glaxo into a Hargreaves Lansdown PEP would face a different calculation.

The bid-offer spread, plus the commission and stamp duty on transferring the shares into the PEP, would cost around 5 per cent, or £115 on £23,000. Adding the extra charges brings the cost in the first year to around £203. Glaxo yields 2.3 per cent (or £529 gross on £23,000). On this basis, and even assuming 10 per cent annual dividend growth, it would take a very long time (well over a decade) for a basic-rate taxpayer to earn back the charges in income tax breaks.

To be fair to Hargreaves Lansdown, the calculation would have been more favourable if the investor had not transferred shares into the PEP (incurring two sets of dealing charges) but acquired them directly. The investor might also have gained from the CGT exemption, and the tax benefits would be all the greater if a Labour government was elected.

Nevertheless, the moral is that, if a company-sponsored PEP is unavailable, investors should use outside-run single-company PEPs only if:

- They intend to hold shares for a long time, probably at least five years.
- The stock has a high yield which will enable them to earn back the charges quickly.
- They pay capital gains tax regularly and expect this particular share to be one of the best gainers in their portfolio.

The odds are much more likely to be in the investor's favour if he is not transferring existing shares, and if he is a higher-rate taxpayer.

A final warning. The choice, in terms of companies, is likely to be unlimited. But investors need to be extra careful in

their choice. In the past couple of years, a Folly Peck or Maxwell Communications PEP would have brought investors virtually no tax benefits but plenty of losses. Such losses would not be offsettable, for CGT purposes, against other gains.

The complete range of PEPs is self-select (investor chooses shares); managed PEP; unit trust PEP (limit £3,000); investment trust PEP (limit £3,000); corporate PEP (limit £5,000); and single-company PEPs. Some managed PEPs mix unit or investment trusts with individual shares. Unit and investment trusts with less than 50 per cent invested in the EC have a limit of £1,500.

## Your CGT allowances

THE TABLE shows capital gains tax allowances for assets sold in November. Multiply the original cost of the shares by the figure shown for the month in which you sold them. If you subtract the result from the proceeds of your sale, the difference will be your capital gains tax allowance.

As an example, supposing you bought shares for £5,000 in October 1983 and sold them in November 1991 for £13,000. Multiplying the original cost by the October 1983 figure of 1.57 gives a total of £7,850. Subtracting that from the proceeds of £13,000, gives a gain for tax purposes of £5,150 - below the annual £5,500 allowance. Provided, you realised no other gains during the year, the profit should be tax free.

If you are selling shares bought before April 6 1982, use the March 1982 figure.

	1982	1983	1984	1985	1986
Jan	—	1.641	1.561	1.487	1.409
Feb	—	1.634	1.555	1.475	1.404
Mar	1.707	1.631	1.550	1.481	1.402
Apr	1.673	1.609	1.530	1.431	1.388
May	1.661	1.602	1.524	1.424	1.386
Jun	1.557	1.598	1.520	1.421	1.387
Jul	1.656	1.590	1.522	1.424	1.391
Aug	1.656	1.583	1.508	1.420	1.386
Sep	1.657	1.576	1.505	1.421	1.379
Oct	1.648	1.570	1.496	1.419	1.377
Nov	1.640	1.565	1.491	1.414	1.368
Dec	1.643	1.561	1.492	1.412	1.361

	1987	1988	1989	1990	1991
Jan	1.358	1.313	1.222	1.135	1.041
Feb	1.361	1.308	1.213	1.128	1.036
Mar	1.348	1.303	1.207	1.117	1.022
Apr	1.332	1.282	1.186	1.084	1.019
May	1.331	1.277	1.179	1.074	1.016
Jun	1.331	1.272	1.175	1.070	1.011
Jul	1.332	1.271	1.174	1.068	1.013
Aug	1.328	1.267	1.171	1.069	1.011
Sep	1.324	1.261	1.163	1.049	1.007
Oct	1.318	1.258	1.154	1.041	1.004
Nov	1.311	1.253	1.144	1.043	—
Dec	1.313	1.229	1.141	1.044	—

Source: Inland Revenue

## A tax shelter beckons

**T**HE introduction of Single Company Personal Equity Plans on New Year's Day is an opportunity for investors generally to top up their PEP portfolios. But it is a much greater boon for employees with interests in share incentive schemes.

By facilitating a switch from a share scheme to a PEP, the new vehicle opens up the prospect of a perpetual tax shelter for employee gains. From January 1, investors will be able to contribute up to £23,000 per year to a Single Company PEP (SCP) in addition to the £5,000 annual ceiling for a general PEP. Contributions must be in cash - not shares.

Somebody holding stock outside a PEP cannot simply transfer it to a PEP manager. The closest investors can get to such a transfer is by selling their personal holding, putting the proceeds in the PEP and instructing the PEP manager to buy the same quantity of the same stock. While this will achieve the desired result, it is likely to involve the investor in undesired costs which a straight transfer would have avoided. The biggest liability is likely to be capital gains tax on the share sale but there will also be stamp duty and brokerage fees.

The great innovation of SCPs for employees - is that a direct share transfer will be permitted, provided the shares come from an Inland Revenue approved all-employee share scheme.

There are two such schemes. A profit-sharing scheme is based on a trust which uses

contributions from the company to buy shares which it then allocates among the workforce. A savings-related option scheme offers options, which must be funded by employee contributions to a five year savings contract with either a bank or building society.

Both schemes must be open to all full-time staff who have served a qualifying period and both have been oversubscribed by the thirty types of approved scheme - the discretionary option scheme which tends to be exclusively for directors and top executives. The potential link-up with an SCP is the most radical of a series of Government measures designed to boost the popularity of the company-wide arrangements.

A roll-over from an all-employee scheme to an SCP can take place within 90 days of the shares emerging from the scheme. After that, the chance will be lost and the employee will have to resort to the cumbersome and expensive alternative of a sale and repurchase. But if the opportunity is seized, a tax killing will be in prospect.

Since the acquisition of shares under an approved scheme will generally be an exempt transaction, a tax-free transfer to the tax-sheltered SCP will complete a virtuous circle.

Apart from the facility for direct transfers, there is another important respect in which the SCP regime is breaking new ground for the benefit of employees. PEP investment is generally restricted to the shares of quoted companies based in the European Community. This will continue to be the case for general investors in an SCP.

But the restriction is being done away with for shares emerging from an all-employee scheme. So employees of private or non-European companies will be able to enjoy the shelter of an SCP.

This could be particularly valuable for workers in private companies which subsequently go public. The rate of share price growth in such companies frequently outstrips that of even the most go-go quoted stocks. For example, companies which have been floated in recent years on average more than doubled in value in the 12 months prior to flotation.

Suppose that in 1987 an employee in a private company was granted an approved savings-related option over 20,000 shares at a strike price of 10p per share and when he exercised the option in 1992 the price had risen to 50p. Twelve months later the company floated at £1 a share. A full sale on flotation would

trigger a gain of £18,000 (£20,000 x 50p). However, the employee will now be able to transfer 6,000 shares to an SCP after taking up his option. By sheltering these shares he will reduce his subsequent taxable profit from £18,000 to £12,600 (£18,000 x 70p).

An SCP must be administered by a plan manager authorised by the Revenue but the manager does not need the consent of the "single company" whose shares are to be held. Hence, employees, particularly of the larger "blue chip" companies, are likely to be courted by a number of different managers. The choice will generally come down to a question of cost, with the plan sponsored by the company itself likely to have the edge.

Employees can afford to ignore the pre-election "buy now while stocks last" salesmanship of the PEP industry. SCPs linked to share schemes will be the sole surviving remnant of the whole PEP paraphernalia if Labour gets its way.

But some speedy action is nevertheless to be recommended. That is because PEP contributions are calculated on a tax year basis.

The first SCP period therefore runs from January 1 to April 5, 1992. Employees with shares which have emerged from schemes in the last 90 days or will do so in the next three months can tuck away £23,000 worth of shares and will then have further capacity from April 6.

David Cohen is a partner in the City law firm of Painsner & Co. \* Source: Painsner & Co - Employee Participation in Flotations 1987-1990.

David Cohen looks at the gains investors will be able to make from January 1 by switching from a share scheme to a PEP

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## FOOD AND DRINK



The tower and vines at Château Latour: the '61 vintage produced a mammoth wine that's still not ready to drink

## A great year for claret

Edmund Penning-Rowell samples the 1961 vintage from his own cellar

ONE OF the few really great claret vintages of the century was produced in 1961, the best since 1929. Extensive coulure (drop of the vine flowers) meant that, except for the catastrophic, frost-destroyed 1956, it remains the smallest since the Second World War. In the vital pre-vintage months rainfall was low.

Low profitability of even classed-growth châteaux in the preceding 30 to 40 years had meant reduced replanting in the vineyards, a high average vine age and a low yield. For example, Latour produced only 63 tonnes in 1961, as against 118 in 1959 and 170 in 1965 (1 tonneau equals 100 dozen bottles).

Not surprisingly, the opening prices were deemed by buyers to be extravagantly high. Lafite came out at £17,500 a tonneau compared with £11,000 for the fine 1959, while Cheval-Blanc, lowest of the first growths, opened at £15,000 instead of £11,000 two years earlier. When first offered retail here in 1983/1984 they cost around £2,250-£2,750 a bottle - about double the 1989 price - although in 1963 I did buy a case of Cheval-Blanc for £150 a bottle from the Wine Society. (To take account of inflation these prices must today be multiplied at least 10 times).

The vintage's exceptional quality was immediately recognised. The vintage was not very tannic, like the similarly small-yield 1945s. The wines have maintained their very high reputation ever since. Petrus apart, *hors concours* in price and quality today, the first growth '61s sell for between £200 and £300 a bottle at auction.

Now 30 years old these wines are mostly at their peak. Some of the lesser classed groups are beginning to slip, although still very drinkable. As I was fortunate enough to acquire at original prices and able to retain some bottles, a dinner was held a week or two ago to taste six of the '61 first-growths by the party that assembled annually to taste them when ten years old, plus an experienced amateur.

The wines, served in the customary order - Haut-Brion, Latour, Margaux, Lafite, Mouton-Rothschild, Cheval-Blanc - were decanted at 7.15pm the first being drunk soon after 8pm, the last at 9pm. I made my notes at the table, and have included here a representative selection of those made by the other six d'écus.

**Haut-Brion.** Medium colour, wonderfully fine elegant nose, with typically Graves bricky bouquet that developed and held in the glass, very well balanced flavour on light side, but fruity and long all the way. An outstanding start to the tasting - perfect balance on the nose, wonderfully rich, fully developed on palate, no residual tannin, complete, not a heavyweight, milk on the nose, not huge, delicious.

**Margaux.** Brownish tinge, insistently rich nose, much more than Haut-Brion, showing different Médoc style. Soft on the taste, perhaps showing a little age at the finish, but typical fine Margaux - glorious bouquet, after an hour showing the rich, classic cedar and ginger biscuits; more developed tawny colour than Haut-Brion, nose strongly perfumed, powerful attack on palate but faded, missing a little sparkle on the nose; slightly short on finish at first, but later very sweet.

**Lafite.** More colour than the preceding two wines, very elegant nose and fine aristocratic Médoc flavour, but a little dryness at end; to be drunk - very deep colour for Lafite, nose harmonious, gentle, fragrant, soft yet firm on palate, subtle, lovely drink - savoury, exciting bouquet; very sprightly and youthful; the most drinkable in quality; marvellous a little dry; a romantic nose, slightly thin: sweet finish, good bottle-ages.

**Mouton-Rothschild.** Deep colour, rich nose, velvety. Soft, very engaging taste, lacks a little middle, easy drinking, at best - glorious, immediate Mouton nose, cabernet-sauvignon, mint and eucalyptus, dry, full-bodied, a copy-book Mouton, years of life ahead; simple, big wine, very deep crimson, lead pencils on nose, very ripe, perhaps slightly unsteady; wonderful colour, lovely perfumed nose, very ripe velvety, huge colour, marvellous; sweet entry and end, too sweet.

**Latour.** Very big colour, rich, concentrated nose and lovely deep taste, heathery, wine of great class, quite distinctive and more than others will still improve - immensely deep appearance, meat, thick nose that did not develop in the glass, hefty yet not clumsy, austere yet packed with fruit, less 10-20 years; still some tannin and masses of alcohol, most youthful of the lot. Mammoth wine, definitely not a point, but still delicious; not ready.

**Cheval-Blanc.** Good colour, very attractive sweet bouquet, rich old-tawny port taste. Very round, full-bodied, complete but to be drunk - surprisingly deep colour, brown rim, glorious vinosity and fragrance on nose, but faded after an hour, very sweet, fleshy, rich, glorious nose, very unclaret-like, lovely now, very flattering nose, round, unsultry fibres on palate, drying at finish; almost port-like, hint of chocolate, a wine that will last, deep cherry red, sweet delicious, smooth, soft; incredibly sweet, rich, soft, round, very bright colour, raspberry flavour.

After the glasses had been refreshed the wines were voted on a one-to-six scale: the lowest total first, the highest last. 1 Lafite 16; 2 Haut-Brion 17; 3 Cheval-Blanc 22; 4 Mouton-Rothschild 25; 5 Latour 28; 6 Margaux 38. The voting range was narrower than usual, and there was not a poor wine among them although perhaps the Margaux bottle was not up to form, for I had tasted a delicious, perfect magnum in London, a month earlier. Difference of preference were partly related to variations in the style of the wines: soft, more Merlot-influenced Médocs, or more powerful Cabernet-Sauvignon-dominated Paillasses. Lafite secured five firsts, but personally I was a little disappointed and in such a collection I put it last. Haut-Brion was unanimously admired. Latour was generally judged not ready, but carried away by its depth, concentration and richness it was my favourite. *De gustibus...*

As on previous first-growth tastings reported in this column, only one bottle of each wine was opened, and on 30-year-old wines some bottle variation must be expected. On a different occasion other results might have been obtained. But in this rare tasting opportunity the outstanding quality of the vintage was confirmed.

## Stuff the turkey and pick pork

THIS IS the halfway stage, when the cook comes up for a gulp of fresh air midway between Christmas and the New Year. *Courage, mes braves.*

The chances are that what everyone wants to eat now is something completely different from the Christmas bird. The easier that something is to cook the better I will like it.

**POT ROAST LOIN OF PORK** makes an appealing choice, comfort food, handsome with it and a cinch to carve if the butcher bones it for you, peels off the rind and some of the fat, then rolls up the meat and ties it into a neat bolster.

Choose a long narrow loin of pork if you can, one made up of lots of small chops rather than a few large ones, because a long, not-too-dense bolster of boned-out meat tends to cook more evenly than a short, very solid one.

A loin weighing 2 lb or more after boning and rolling will serve 5-6 people. Get two such joints for a larger party or if you want enough meat left over to serve cold afterwards. And remember to bring the rind and bones home with you. They are the chief source of good gravy, and garden birds will enjoy pecking fatty scraps from the rind when you have finished with it.

I suggest flavouring the pork just before cooking by stabbing the flesh here and there and inserting into the wounds they make an aromatic paste made by crushing together a mixture of garlic, rosemary and toasted coriander seed.

Or, if you have the energy to do it (it means rolling and tying the joint yourself), make a pocket-like slit down the centre of the meat and fill the seam with a fragrant, juicy black MUSHROOM STUFFING. For the stuffing, finely chop 4-6 oz flat black mushrooms and sauté them in the innermost smidgeon of oil for about 5 minutes until most of the liquid has been driven off leaving the fungi dramatically reduced in bulk and richly concentrated in flavour. Season with salt, pepper, crushed garlic, toasted and powdered coriander and cummin seed.

Add a papery brown onion skin here and there to give the gravy appetising colour. Moisten the joint by pouring on 3 fl oz of hot liquid, say 6 fl oz very light stock plus a few spoonfuls of dry sherry.

Cover the casserole tightly and slip it into an oven heated to 350°F (180°C) gas mark 4. Immediately reduce the temperature to 325°F (160°C) gas mark 3 and pot roast, turning the joint occasionally, for two hours or until tender, succulent and cooked through - the juices should run clear when pierced with a fine skewer. Strain the gravy and spoon off the fat before serving.

A dish of very different character but another firm favourite in this household is affectionately known by my husband as **IRISH STEW AND A HALF**, a name chosen because it is in effect an Irish stew with added extra. Sophie, it is not but it is one of those dishes in which meat, potatoes and gravy are perfectly fused by long slow cooking, and as everyone knows,

there is nothing quite like a surfeit of rich party pieces to set up a longing for nursery comforts.

The other great virtue of this stew in my view is that it is easy-peasy to do and blessedly good tempered. You need a sharp knife for trimming the meats and a mandolin to speed the slicing of the potatoes, but once these tasks are completed you can leave up your apron. The ingredients are simply packed into a pot, they go into the oven raw, and it is almost impossible to overcook them. In fact leftovers - should there be any - are almost better reheated next day than first time round.

Irish stew is traditionally cooked in a heavy pot, the ingredients being built up in alternate meat and potato layers. Given the variety of meats used in this version, and the eagerness of most people to get a piece of everything, it will avoid messy and unsightly excavations if a large shallow dish is used instead. A lasagne dish will do well.

To serve four with good appetites or six modest eaters I allow 4 thick cut lamb or mutton chops, preferably middle neck, 2 plump pigeons and 4 meaty rabbit joints.

If the rabbit is wild and well past the first flush of youth marmite it for a day or two before cooking. Save the saddle

of young rabbit for roasting, grilling or poaching and use the legs and shoulders for this stew, trimming them carefully of thin meatflaps, rib cage and so on so they look neat and do not take up too much room in the dish.

Cut the pigeons in half, again trimming them neatly. The backbones and other bits will make a fine soup. Remove excess fat from the lamb; it can be rendered down to dress the potatoes that top the stew.

Chop an onion or two and use them to line the base of the dish. Scatter with the finely grated zest of 2 small oranges, thyme, parsley, sea salt and black pepper. Add a bay leaf here and there. Dust the meats with flour and lay them on the herb strewn bed. Arrange them in groups of three, each chop flanked by a joint of rabbit and pigeon, for easy serving. Overlay the meats, within each group if needs be, and tuck thick slices of black pudding (4-6 oz in all) between the ribs. Sprinkle with sea salt and pepper and pour on 1 1/2 pt of light stock plus the juice of 2 small oranges.

Cover the meats with peeled and sliced potatoes, 1 1/2-2 1/2 lb of them, seasoning well between layers. Press everything down into the dish with a potato masher, gently but firmly, to level the ingredients, then add the top layer of potatoes with some melted lamb fat, or flakes of butter, and cover the dish with a well fitting lid or foil.

Put the dish into an oven heated to 200°C (400°F) gas mark 6 and cook for 40 minutes. Then press the ingredients gently down into the dish, reduce the temperature to 100°C (212°F) gas mark 3 and cook for 1 1/2 hours. Flip over the ingredients down into the dish, once again and cook for a further 30 minutes or so, this time without the lid to reduce and concentrate the gravy slightly and to give the potatoes a little colour.

By the end of this time the meats should be so tender that a fork will pull them easily away from the bones, leaving the bones skeleton clean, and any marrow or gristle that was present in the sheep meat will have dissolved to enrich the texture and taste of the gravy.

The only blemish on the otherwise impeccable character of Irish Stew And A Half is its lack of great visual appeal, especially if you have the time to make it. This, however, is easily rectified by scattering the expanse of rather uninspired monochrome potatoes with a handful of fresh chopped parsley - a suitably green finish for a dish from the Emerald Isle and providing the diner with a good dose of vitamin C into the bargain.

## Gardening

## A stealthy bulb colony

ABOUT 15 years ago I planted a few bulbs of Sternbergia lutea in a mixed border of plants which they shared with more familiar bulbs of daffodils, crocuses, grape hyacinths, scillas and chionodoxas as well as fuchsias, day lilies and some miscellaneous herbaceous perennials. In this mixed company, they just about held their own but were not a runaway success.

Or so I thought until this year when, to my astonishment, I find that sternbergias have established themselves firmly in a neighbouring rocky bank as well as having made more and better colonies in the border in which they were planted and in other places further afield. The oddest thing is that the new habitats are nearly all places where the going is tougher and the competition keener than where the sternbergias started.

I find that plants are like that; they move themselves around by self-sown seeds, or by bulbs pulled from one place to another by mice, birds and other creatures and also by other means.

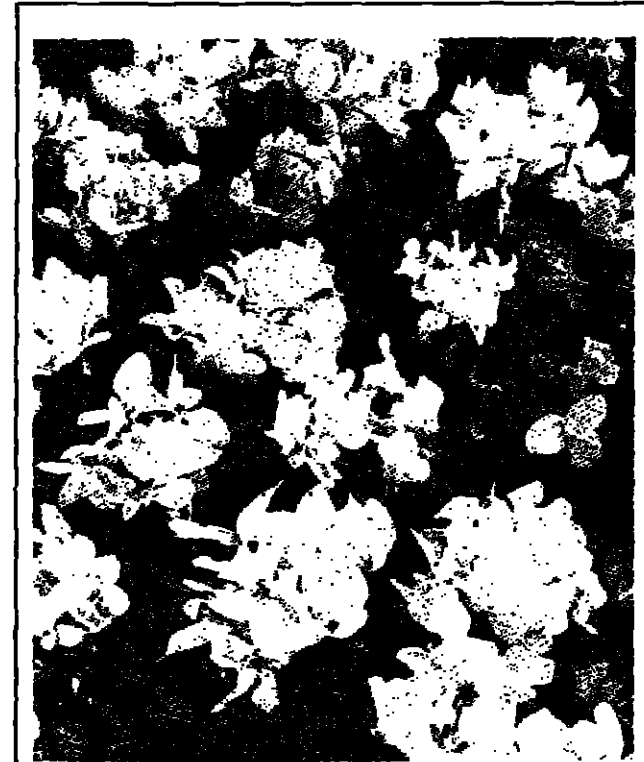
With my hardy cyclamens, which travel a lot, I suspect mice have been the seed carriers. With the sternbergias it could, of course, be bulbs which have been dragged from one place to another as food, perhaps not totally consumed by whatever animal was dining on them.

Maybe I have got my colonies in more favourable places than I realise for I see that the *Guide to Bulbs*, an old but excellent book by Patrick Syngé, records that in Greece it grows in the mountains among rocks, and in short grass. It is also found in Turkey, Palestine and Persia, though Syngé does not describe the conditions common to these places. It must be widespread in Palestine if it is

really, as many experts believe, the "lily-of-the-field" of the Bible story. Although this is a very beautiful plant, it remains little planted, why I do not know. Superficially, it looks like a first-class clear yellow crocus although it is totally unrelated, a member of the amaryllis family, not the iris family.

From my experience, it does not seem to be at all difficult to grow, though I think it does need quite a lot of sunshine and warmth. The narrowly strap-shaped, shining green leaves come with the flowers from late August until October. This year they seem exceptionally late for they were still in good flower at the end of November. At first, the leaves are short so that the flowers stand above them but they lengthen rapidly to six inches or more and curl outwards to decorative in their own right.

There are several other species of sternbergia but *S. lutea* is much scarcer than *S. lutea*. I cannot recollect having seen any of them except *S. clusiana*, the yellow flowers of which are twice as large and much more globular than those of *S. lutea* and they come before the leaves appear.

Plant of the week  
Cyclamen F1 Hybrid

This is a typical modern hybrid variety of *Cyclamen persicum*, the species that has been highly developed by plant breeders for greenhouse cultivation and indoor decoration. It is grown from seed which does not always germinate rapidly or regularly. It is best to soak seeds for 24 hours in hot tap water and then sow 2-3mm deep in good quality seed compost in a pan and cover with tinfoil or black polythene to keep dark. The temperature should be 15°C-20°C. More than this will induce dormancy. Seedlings should commence to appear in about three weeks and should be pricked out immediately, the rest left undisturbed. The best sowing times are from August to March. *Cyclamens* make corns which sit on top of the soil and get bigger every year but do not split or produce offsets.

for one named *sicula*, three for *caudata*, two for *fischeriana* and one for *calceiflora*. No one has the lot which means that a serious collector must shop around.

Syngé makes the comment that *Sternbergia lutea* succeeds very well on chalk soils. That is interesting but it does not get chalk in any shape or form in my garden where it is thoroughly at home.

Arthur Hellyer

## Storms and a Texan's kisses

Robin Lane Fox on a year in which he discovered Esther Rantzen

LOOKING back on their years, gardeners always grumble. Yet the grumbles of 1991, heavy snow in January, a long dry spring, storms in June, the dry autumn and sharp frosts in early December were interruptions in a kinder and gentler pattern. For me the year peaked in August when most of Britain looked green and lovely and the evenings were suffused with a soft light. Everything grew madly after a slow, dry start and new ideas came thick and fast, like petals off the second crop of roses.

From there were new types of painonnaria, those spring-flowering border plants with spotted leaves which breeders and plantpersons have jazzed up in the past few years. High-down Blue still strikes me as the best, a deep rich blue whose flowers look marvellous with pale narcissi and show up anywhere, even in urban shade. Whites and reds are turning up everywhere and the sky blues need hunting out too: watch for Frühlingshimel.

This spring-flowering family's worst enemy is its popular English name: Spotted Dog. By early June, it was time for some maligned old favourites, the lupins. They have given new heart recently by the two brothers Woodfield at their small Warwickshire nursery near Stratford-on-Avon. You have probably seen their plants at the Chelsea Show. The Woodfields' back garden is neither large nor weed-free, but it is the scene of intensive breeding in lupins and delphiniums. In 1991, I relearned the old lesson, that plants of these families are second best if they are raised at random from seed. After seeing the Woodfields' named lupins and delphiniums, you will not object to paying £3.50 a plant.

By mid-July, I had relearned this same lesson in the family of sweet peas. Again, the story begins at Chelsea where Norman and Sylvia Brackley show great bowls of their own varieties in most of the colours from cream to crimson. Almost too late, I ran them to ground in

April among their plastic tunnels on an allotment at Winkley, in Buckinghamshire. Sweet Peas have been in the Brackley family for nearly a century but they have continued to move with the times. To prove it, I returned with a load of the tabloids' sweethearts, Esther Rantzen, Nettie Newman, Felicity Kendall, and the discreet Sarah who is really Fergie without her title. After a near-disaster in the sudden cold spell in June, I ended up with a long wall of popular sweethearts who flowered until mid-October and graced room after room with a classic scent. Forget the fashion for old and antique nostalgia in this family. These new forms are sweeter and better: I never expected that Esther Rantzen would be my great discovery of 1991.

Beneath her, in overkill, I tried yards of perennial penstemon. They have had space here already, but I must report that not one of them has died after the recent cold weather and at most, the tips of their stems have gone brown. The last of their flowers appeared in late November and in 1991, everything promised and written about this family's long season has been true. If you want a garden which does not decline from July onwards, you should hunt for various forms of this family in next year's plantfinder, mixing the colours discreetly.

In general, it has been my year for relentless plantfinding. The good book, by now, has quite changed gardeners' horizons. Like me, you can telephone and pester, question the specialists for their personal selections and spend hours in the bath imagining unknown members of half-familiar families. The Redhot Pokers are a dream; my winner, however, has been a small Campanula, bred in the 1930s and largely forgotten since. Called John Innes, it grows about six inches high, flowers for months and has strength, elegance and special merit as an edging. Only one supplier is listed nowadays, so you may have to be patient, but a single

plant soon splits into 20. As for the best memories, for once I have too many. Perhaps it should be some cream-yellow Sisyrinchium among mauve-blue Campanula latifolia High-cliff beneath the pine trees at Kiftgate, in early July. Perhaps it should be the half-hardy salvias at Powis Castle or a wonderful plant of Hobe Hagley Park, growing not far from the M25. Personally, I would re-run one August morning when rare clematis were twining all over the

shrubs around me, yet more clematis were pegged down horizontally in great mats of colour and I myself had broken visiting hours and intruded on the private garden of that great connoisseur, John Treasut, at Burford House near Tenbury Wells. On a sheltered wall, there were flowers all over his true Clematis Textensis, scarcely hardy in lesser gardens but covered with light, open flowers like rose-pink kisses of the wildest beauty from Texas.

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## HOW TO SPEND IT



## Give a receipt this year

Peter Knight explains how to exchange unwanted Christmas presents

**Y**OU'VE already got Nintendo's "Super Mario's Land" and you'll never, ever wear that purple nylon tie from Aunt Dot. Do you curse your luck and dump your unwanted Christmas gifts in the cellar, or can you exchange them for something better?

Returning products to shops was once a technique used by assertiveness trainers to get their pupils to be more bullish. The recession has brought about some changes in attitudes and shopkeepers in general are keener to please and more enlightened about taking things back. Some will even give you money in exchange for an unwanted gift - but only some.

As a receiver of a gift you have no legal rights to exchange the goods because the contract is between the buyer and the seller. Buyers enjoy a number of statutory rights that protect them from being sold, for example, faulty goods and products that have been wrongly described.

These rights cannot be assigned, although the law has never been tested on this point. The Consumers' Association says it might be worthwhile for those giving presents to make some attempt to assign their rights.

Aunt Dot could word her

cards something like this: "To darling Peter, I give you this wonderful purple nylon tie with all my love and I hereby assign to you my legal rights as the buyer. Please also find the receipt stuck up the narrow end."

Keeping receipts is tiresome, particularly at Christmas when they collect like confetti, but they are important because most shops ask for proof of purchase before exchanging goods or giving money back.

You may think that shops which stock only their own label should have no need of proof (where else, after all, could it have come from?) but these shopkeepers, like the others, have to protect themselves from giving refunds to shoplifters. If you pay by cash, keep the receipt. A cheque stub or credit card receipt is sufficient proof if the till receipt is lost.

If whatever it is you were given has something wrong with it, the shop should exchange for an undamaged version without any problem. If you have received some truly hideous or simply unwanted gifts this Christmas, here is what you should do.

■ Leave the packaging untouched, especially if the article is sealed.

■ Try and get the receipt from the giver. If this is not possible, find out where it was bought.

■ Gather all the packaging - even if you have opened it or caused some damage to the box - and go to the shop as soon as possible. Shops are far more tolerant if you bring the goods back within a few days.

■ Ask the manager what the exchange policy is. Some shops give a cheque as a refund. Most will exchange the goods for something else of equal value and others will issue a credit note or gift vouchers. Check the restrictions on the vouchers and credit notes - these often have a time-limit.

■ Decide what course of action is best for you. If you think you are being fobbed off, press until you get the best deal. If necessary, call the head office.

There are certain products, such as food, computer games, computer software, lingerie and earrings for pierced ears, that most shops refuse to exchange. These are sound decisions designed to protect the next buyer from harm.

Exchange policies differ. Some chains are offering to exchange unwanted gifts for a short period after Christmas with no need for proof of purchase. Phone your local branch for details.

Here is a selection of policies. If the local manager takes a different attitude, call the public relations department at head office.

W.H. Smith undertakes to exchange all goods, including books, tapes and CDs, in a resellable condition. Proof of purchase is desirable, but the final decision is left to the store manager.

Liberty will exchange all gifts or issue gift vouchers, except on lingerie, certain jewellery and perfumes (if opened). Buyers can get a full

refund with proof of purchase. Hobbs offers to exchange unwanted gifts within seven days of purchase - no proof of purchase necessary. No credit notes issued. With proof of purchase Hobbs will give a full refund within seven days. After that the store will exchange items for a further seven days.

Chanel will exchange all goods bought from boutiques, including unopened fragrances. If returned shortly after Christmas, Chanel's head office (19/21 Old Bond Street, London W1) will exchange genuine Chanel goods in resellable condition if any store refuses to do so.

B&Q will exchange unwanted gifts in a resellable condition or will issue a credit note - no proof of purchase necessary. Full refund given with proof of purchase.

Dixons and Currys will exchange unwanted gifts for items of equal value if the goods are in their original packaging. You must have proof of purchase. Normal exchange policy operates within seven days of purchase. There is a special gift exchange until January 4.

Harrods will exchange or issue gift vouchers for gifts returned within 28 days, if they are in a resellable condition. Exclusions are: lingerie, beachwear, hats, cosmetics, some evening wear, pierced-ear earrings and personal items from the sports department.

Boots - including Halfords, Fads and Children's World - will exchange unwanted gifts or issue gift vouchers. Proof of purchase is preferable. They will not exchange or give refunds on most cosmetics, computer software and games, foods and medicines. The store manager has the final say.

## Put on a happy face!

Lucia van der Post on simple ways to wipe away that careworn look

**I**F YOU spent Christmas whizzing down the ski-slopes or basking on a Caribbean island, then this week's piece is probably not for you. If you are one of those who woke up this morning feeling bright-eyed, lean as a whippet and looking younger than your years, then this is probably not for you either.

This is for those who have spent the last few weeks toiling and molling in the supermarkets and the high street stores, behind the sink and in the office, those in, other words, who today probably feel more tired, more groggy and more careworn than they feel is right.

The very best pick-me-up is a holiday but if you cannot quite run to that there are lots of short cuts these days.

Stephen Glass, 73 Wigmore Street, St. Christopher's Place, London W1H 9 LH (telephone 071-486-8287), understands the problem only too well.

"The eyes," he says, "are one of the first areas to show signs of age. The lacklustre appearance of the eye itself and surrounding areas is often caused by tiredness stress and tension."

Spot on, Stephen. Stephen has long been a purveyor of potions and confidence to women who need to look good and on recognising the problem he developed a solution: The "Salon Eye Facts Treatment", a series of treatments, which seem like a cross between soothing massage and calming poultices. They are designed to rid the eye area of puffiness, tension and pressure. An individual treatment is £25, a course of six is £125 (as the mathematicians among you will immediately calculate, this gives one free treatment).

If you feel part of your problem is that your make-up looks so out of date Stephen is adept at giving his customers a fresh, modern make-up - he sells nothing except his advice so there is no high-pressure bid to make you buy reams of creams and lotions, just lots of commonsense tips on how to make the best of the face you have got.

You could embark on more of a broadside approach and go to one of the many specialists around and ask for a complete personal programme designed



Back in shape: this is the time of year to pamper your body

to suit your skin.

The Sher System, for instance, has been devised by a mother and daughter team, Helen and Glenda Sher, and its chief virtue is that it is utterly personal.

Helen Sher has been involved in the beauty business for a long time but after years of working in a department store she felt that in skincare above all a much more personal approach was needed. Hence the Sher System.

The skin is analysed, ideally in person but those who cannot make it to the studio can fill in questionnaires and do it by post. A simple skincare routine, based on temperature-controlled, multiple-rinse water cleansing techniques, is devised and a group of make-up products suggested.

Our guinea-pig, who admittedly had taken appallingly little care of her skin before, liked the simplicity of the sys-

tem for she felt she would never follow anything too complicated. After just one week she felt her skin was definitely clearer, softer and less dry. She was personally slightly less enamoured of the make-up, though she thinks that many people will like its simple, unfussy packaging and streamlined approach.

The studio is at First Floor, 30 New Bond Street, London W1 (telephone 071-499-4022) and a consultation and a clutch of specially chosen products (about seven) costs £130.

Jean Ashley used to work in the city but now she provides all sorts of facial help at her own home at 32 Albert Bridge Road, London SW11 (telephone 071-730-4239).

Blocked pores? Jean will unblock them. Wrinkled brows? She will soothe them. Muddy-looking skin? Jean will cleanse it. All at a time to suit you - she works evenings and Saturdays. She charges £25 for



A cut above the rest: trims by Nicky Clarke (left) and Schumi (right)



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## Snooze therapy

**I**F YOU cannot get to a proper salon worry not, these days there are all sorts of products designed to give a quick boost to jaded skin which you can apply in your own bathroom. Miracles are not guaranteed but a little short-term relief usually is.

One of the most famous of the quick-boosting products is Beauty Flash Balm by Clarins (£13.30) - put it on before making-up and it helps plump out the fine lines and give the face a fresher look.

Immediately before a party face-masks can really make a difference. Shiseido does an excellent one called Vita Perfection mask for £22.50 while Estée Lauder has developed a mask specially for the eye area which it calls Stress Relief Eye Mask. For £17.50 you get 10 sachets.

Givenchy has a marvellous quick reviver called Relaxing Complex - based on a gel formula, it is just the thing to put on in the morning if you have had too little sleep or too much to eat and drink. It is equally good at the end of the day if you are tired and want to look a little brighter. It costs £26.50 for 50 ml.

For the jet-set whose skins receive a regular basking from the combined effects of dehydration and jet-lag there are two products that most beauty editors never travel without - Prescriptives Flight-age Cream (£28 for a 50 ml pot) and Estée Lauder's Triple Crème Skin Rehydrator (£23).

If all that sounds expensive it is worth remembering that the cheapest, quickest, best reviver of all costs nothing and is called A Good Night's Sleep. Good snoozing.

L v d P

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## TRAVEL

# Murder and mystery on the icy waters

David Pilling takes an Alaskan cruise with some odd characters

THE DINERS seated at our oval table were like the cast of an Agatha Christie mystery. There was a thirtysomething American woman whose computer-monitor green eyes flicked around the dining hall in search of potential husbands. Beside her sat a youngish, dark-haired woman, a brilliant smile stapled to her face.

On my left were a pastor and his wife from Medicine Hat who washed down their caviar with tumblers of milk. There was also an English woman who was looking forward to being reunited with her luggage. (We were sailing through the icy waters of Canada's Inside Passage, her luggage through the air to the Virgin Islands).

Completing the cast was a retired graphic designer from Pennsylvania who said not a word but sized up his fellow diners like a would-be Poirot. We were all destined to meet three times a day around this oval table as we made the eight-day cruise from Vancouver to south-east Alaska aboard the Norwegian-built *Sun Viking*. It was an ideal setting for murder. I had the presentiment that a member of our party would one day be found dead, slumped face down in the consomme, a last cryptic clue scrawled in lipstick on a crumpled napkin.

In the event there was no murder, though carnage of all kinds was committed. In just over a week, the ship's 700 passengers fought their way through 3,000 lbs of beef, 3,000 lbs of chicken, 1,300 lbs of pork, 550 lbs of lobster and 550 gallons of ice cream, not to mention heaps of fresh salmon.

The *Sun Viking* made four Alaskan ports of call, but many passengers seemed to regard these as annoying distractions from the serious business of eating and drinking. Indeed, the service aboard was so luxurious, the ship's rocking motion so relaxing and its hull so womb-like that many did not bother to go through the birth pains of disembarkation at all. Instead, they ignored the ship's hoister as we pulled into port, or looked disdainfully towards land from the polished wooden observation deck before returning to the Merry Widow Lounge for another swift gin.

The upshot was that they missed the nearest thing going to a genuine murder - the notorious playing of Jefferson Randolph "Soapy" Smith which took place in Skagway, our first port of call. The fact that the event took place 93 years ago did not prevent the inhabitants of Skagway, population 700, from constantly discussing it. Evidently nothing of great import had occurred in the intervening period.

The year was 1898. The Klondike goldrush was in full swing and stampedeers were lured in their thousands to the inhospitable Alaskan northlands, swelling Skagway's population from two hardy inhabitants to 20,000 in 10 years. The stampedeers' lives were invariably intertwined with that of Soapy Smith, who swindled naive

newcomers out of what little they had, and helped the few wealthy returnees to scatter their gold dust in the town's brothels, bars and gambling dens.

According to contemporary news reports, it took only one 38 bullet to end Soapy's illustrious career. He hit the dirt road in Skagway's main street with a thud, but not before putting a bullet into his assassin, the city surveyor Frank E. Reid.

Reid's memorial still takes pride of place in Skagway's cemetery. An unusual cot-like structure of carved wooden railings, it bears an inscription professing the town's eternal gratitude. Soapy Smith is there too, but he has been denied a burial in

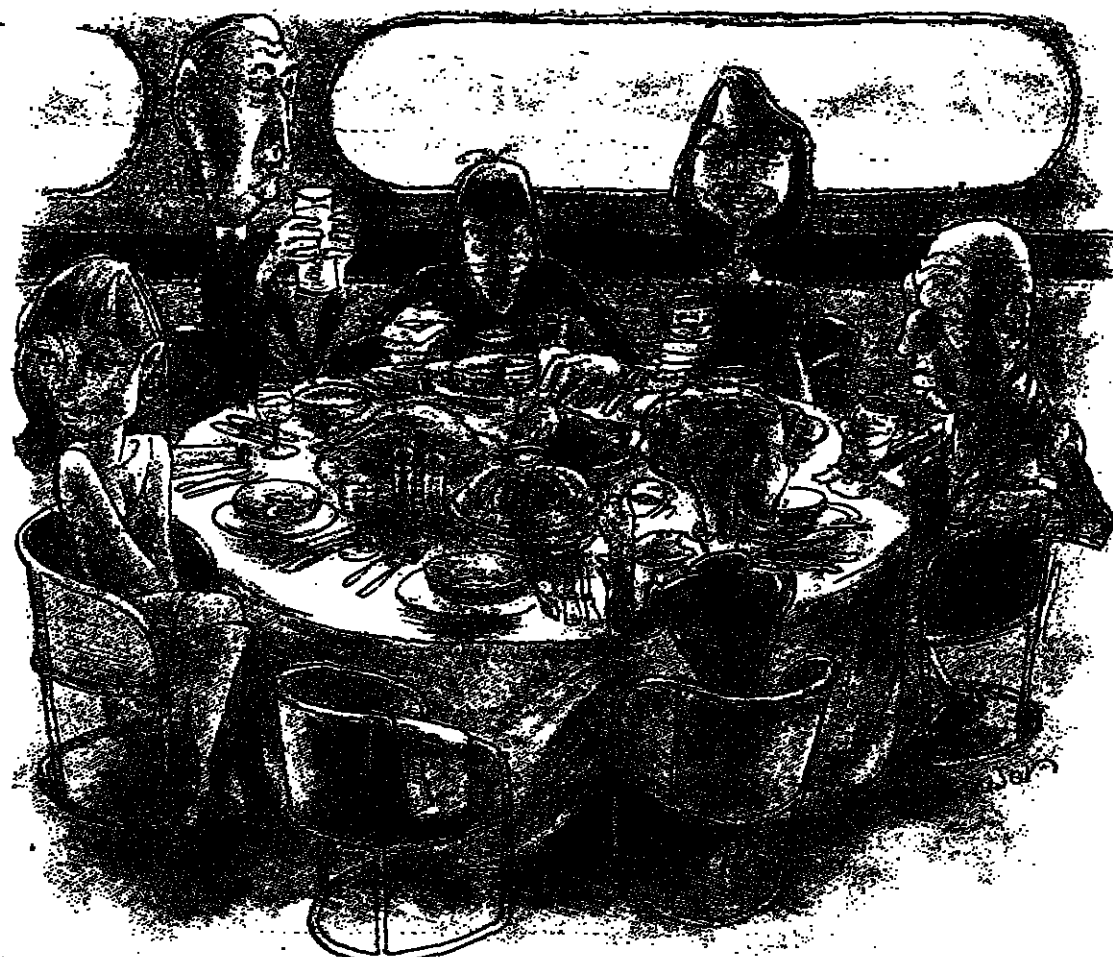
consecrated ground and lies just beyond the cemetery perimeter like an unruly schoolchild forever required to wait outside the classroom.

Skagway is little more than a tourist town these days, its now-modest population regularly doubled by the boatloads of sightseers that pour from luxury cruise ships. I decided it must have attractions - other than its setting at the edge of a deepwater fjord - and went in search of them in Moe's Frontier Bar.

Alaskans, who suffer long winters with few daylight hours, are America's hardest drinkers. This was summertime, but Skagway's inhabitants were keeping their hand in for the

bitter months to come. Nearly every bar stool was occupied by grizzled-looking men in work-worn jeans, plaid shirts and baseball caps. One drinker, who had lost his arm, was using a pincer-like contraption to pour beer into a tall glass and then to sprinkle salt over the top. It made it fizz some, he said.

A hulk of a man who was playing pool used the opportunity of lulls in the game to flirt with the barmaid. She lured him behind the bar before informing him that the penalty for transgressing the threshold (in the absence of a hat) was to buy everyone a drink. The hulk gulped, but obliged, a submission to arcane lore that cost him more than \$40.



I left Moe's and sauntered down the main street towards the *Sun Viking* which sat, white and sleek, in the steel-black water. A few minutes later, we slid away from the rickety wooden jetty.

South-east Alaska is a 500-mile coastal strip which clings to Canada's western extremity like a layer of icing. Glaciers abound, though the coast itself is a belt of firs whose sheer slopes are smothered in rain-forest. The region is too rugged for roads, so the flotilla of ferries, barges and tankers which slosh along its icy immensity are a lifeline to the inhabitants.

Our eight days' sailing took us to only the smallest of Alaska's five great regions, yet it was sufficient to appreciate much of the majesty of what Americans call the Last Frontier. On our way to Skagway we had seen a whale, some way off, lunging out of the water. And most mornings we were privileged to see shoals of dolphins.

I travelled in May when it was more than a little cold on deck. Some passengers had come prepared and stood at the bow wrapped in scarves and windbreakers. They sipped pina colodas through clenched teeth as jagged blue icebergs bobbed by. A month later we would have been treated to temperatures of 70 degrees.

Back around the oval table, my fellow passengers began to open up a bit. The Englishman persisted doggedly in attempts to prize conversation from the clam-like lips of the graphic designer. He finally confessed to wishing to be left alone - an odd request, this from a man who had paid hundreds of pounds to be stranded aboard a passenger-crammed vessel.

The milk-drinking preacher was having a grand old time, ordering several starters and main courses simultaneously as a sort of insurance policy against erring in his selection.

No husband had yet been found for the woman with computer-monitor eyes, though the wine waiter was lavishing attention on her. It emerged that this was not her first cruise; indeed, she made something of a habit of following ships around the world like a nautical groupie. When we sailed into Vancouver at the end of our voyage, I was amazed to see that she did not join the other passengers as they manhandled their bags ashore. She had booked two Alaskan cruises back-to-back. Like the gold-diggers before her, she was heading north once more to try her luck.

David Pilling travelled *c/o Royal Caribbean Cruises* (reservations: 0832-880-210). Prices for the eight-day cruise start at \$1,168 per person, rising to \$2,525 for the luxury of the *Queen's Suite*. The package includes scheduled flights from most UK cities, hotel accommodation in Vancouver and all onboard food and entertainment. *Royal Caribbean* also runs cruises in Europe, Mexico, California, Bermuda and (of course) the Caribbean.

## Echoes of the song of Roland

THE OLD man with the stick is lying among ferns near a stream. Turquoise blue dragonflies, foxgloves, butterflies and beech trees surround him. We are alone at the site of one of Europe's great legends, straining our ears for a sound on the mist - the horn of Roland.

A few minutes earlier the Basque pass had been bright and sunny. But, with the bad-temperedness that the Pyrenees reserves for the unprepared, thick dark clouds came rushing at us as we stood where Roland was said to have been in an inextricable spot of bother more than 1,200 summers ago - Roncesvalles.

The story celebrated in *La Chanson de Roland* (The Song of Roland), the French medieval epic poem, goes like this: Charlemagne, Europe's great Christian king, was returning to France through Spain after bopping pagan hordes. His best knight, Roland, and a small group of friends and fellow soldiers, led the rear guard. They were attacked and killed by the Saracens.

Roland, hopelessly outnumbered, refused to blow his oil-phant, or magic horn, to summon Charlemagne and the rest of the army until it was too late. Mortally wounded, he tried to break his sword, Durandal, to prevent it falling into enemy hands.

Thrilling stuff, but not the whole truth.

Scholars say that *The Song of Roland* was written at least 300 years after the event - possibly by a church clerk, but no-one knows for certain - and that it was not Saracens who ambushed Charlemagne's army in August 778 but the Basques, something which French histories have tended to hide.

Charlemagne razed their city of Pamplona because its people refused to join an attack against the sultan of Saragossa. The Basques took terrible revenge by attacking and slaughtering the emperor's rear guard.

The church, of course, exploited the Roland legend for

all it was worth. It must have been great propaganda in its war against Islam, and probably did the souvenir and relic trade its best turn in centuries.

Today the trip to Roncesvalles - the French call it Roncevaux - is one that requires a great deal of imagination and a small measure of pathfinding skill.

Roncesvalles was an important pilgrim stop on the route from France to Santiago de Compostela. Now it consists of a few houses and a hotel-restaurant clustered around a big Augustinian monastery, which might manage to be a thing of beauty if it did not have a tacky tin roof.

To get there you need to take the C135 if you are coming from Pamplona, or the D634 if you are approaching from St Jean-Pied-de-Port and the North.

Walk to the back of the monastery and turn right, at the postbox. A country lane, partly cobbled, runs up to a padlocked gate. Ignore the gate and walk around the gap at the side. It is an official footpath heavily disguised.

Although tourists swarm over Roncesvalles during the summer, few make the effort to find the path behind the monastery. Like me, you may find yourself alone, straining for the sound of battle and a last desperate cry on the wind. It is a place fit for heroes. Take a picnic and choose a good day - information: Do not bother staying in Roncesvalles itself. Top hotels are available in San Sebastian, Pamplona or Biarritz from which Roncesvalles is no more than two hours' drive. Penguin Classics publishes *The Song of Roland* in a French-English paperback version at £3.99, translated by Glyn Burgess. It is worth taking with you.

Jill James visits a Pyrenean glade where a myth was made

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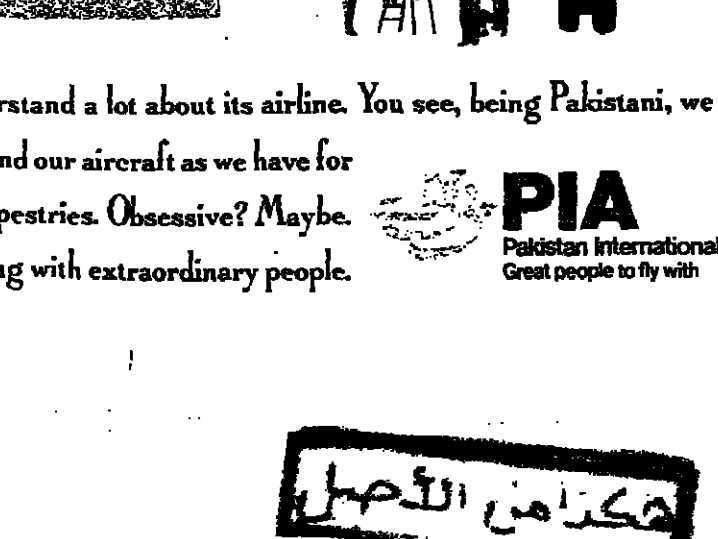
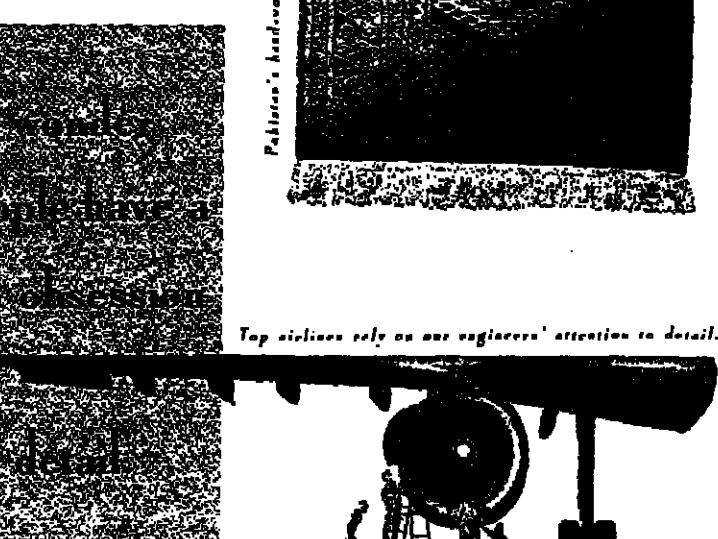
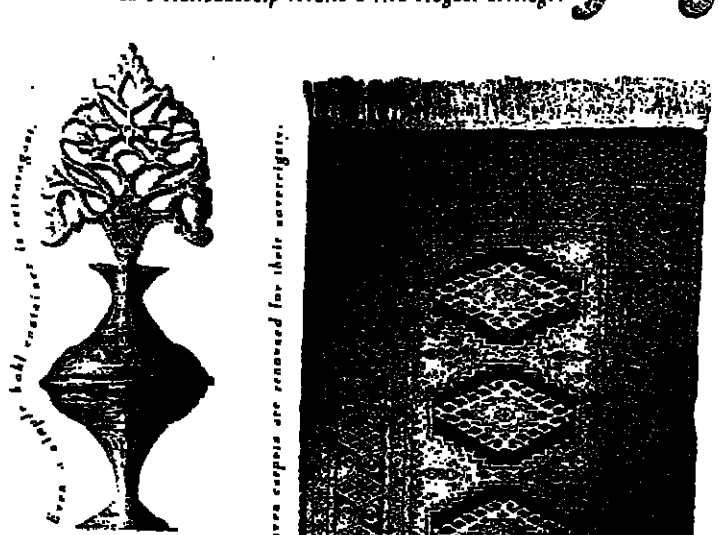
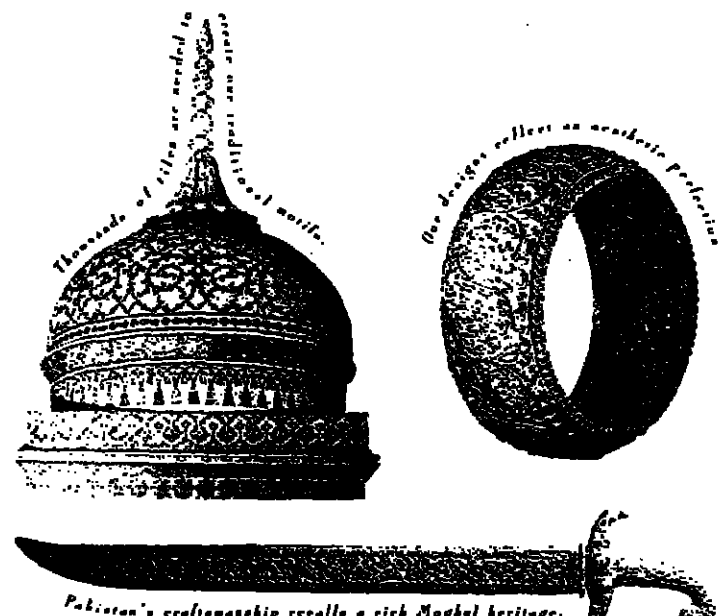
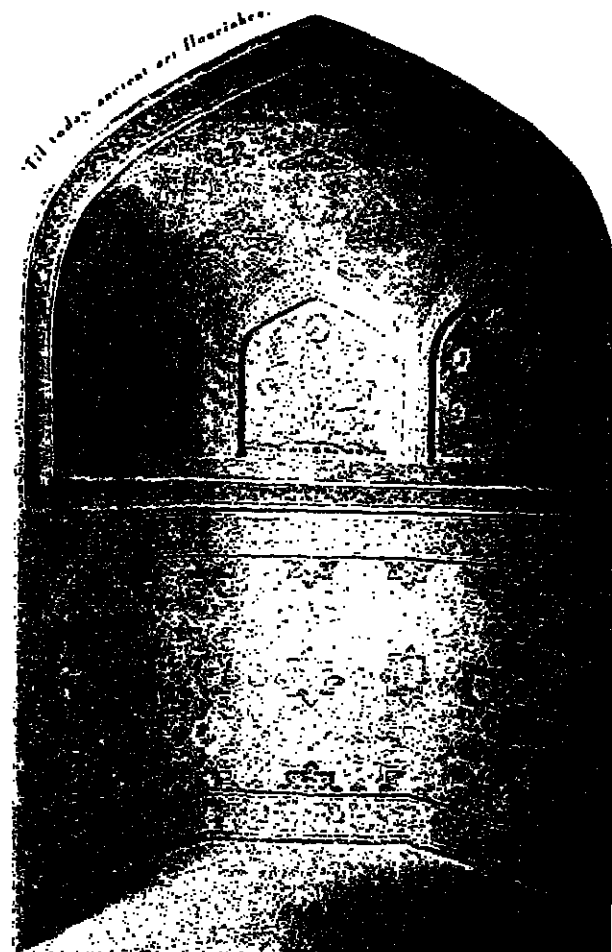
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## SPORT

## Come fly with me - and we did!

Peter Berlin rates Mike Powell's epic long jump record as the highlight of a year in which reality reigned

FOR the pampered sports fan of the electronic age, 1991 did not offer the feast of action that Olympic and soccer World Cup years bring. There were enough cliff-hanging finishes and moments of genius to satisfy most palates, but reality kept seeping in.

No fan could escape drugs, war, death and greed this year, or pretend that sport and politics were not entwined. The games of the field were often as competitive and engrossing as those on it.

The year's first great sports event, American football's Super Bowl, was played 11 days after the start of the air war against Iraq. Outside Tampa Stadium, "Scudbusters" T-shirts sold as well as the shirts of the Buffalo Bills and New York Giants. Inside, after the security checks, the jet fly-past, the flag waving and a passionately mimed version of the *Star-Spangled Banner* by Whitney Houston, the teams played a taut game. The Giants won when Buffalo's Scott Norwood missed a field goal with the last kick of the match.

US sports teams wore their patriotism on their sleeves in the form of miniature Stars and Stripes. Marco Lokar, an Italian of Slovenian descent and a devout Christian studying at Seton Hall University on a basketball scholarship, bore the boos of fans when he refused to wear the flag because he is a pacifist.

But when his pregnant wife started receiving anonymous threatening telephone calls, Lokar gave up on the land of the free and returned home. Life was no simpler there. Lokar's brother joined Slovenian forces fighting the Yugoslav army.

The participation of teams from Yugoslavia in international competitions gave the civil war a surreal edge. Hajduk Split played the home leg of their first-round European soccer tie in Austria because the civil war meant their home stadium in Croatia was not safe. The Yugoslav champions, Red Star Belgrade, played the home leg of their first-round European tie in Hungary for a more traditional reason: their fans had rioted the season before in the European Cup semi-final. Red Star went on to beat Marseille on penalties in a dull final and became Yugoslavia's first - and perhaps last - winner of the competition.

By December, UEFA, European soccer's governing body, was struggling to keep up with political events. It asked Denmark and Italy to stand by for next summer's European Nations championship in Sweden in case Yugoslavia and the USSR, whose teams swept through the qualifying rounds, dropped out.

It was an eventful year for



Liz McColgan

two of soccer's tubby superstars. The sad decline of Diego Maradona accelerated into total collapse with revelations about cocaine abuse. He has said he will be back.

In England, Paul Gascoigne turned from a hernia operation to play for the tottering Tottenham Hotspur in the FA Cup semi-final. He carried the day with an irresistible and intoxicating mix of adrenalin

and genius, epitomised by the way he hurled himself into the ball to rip a 35-yard free-kick into the Arsenal goal.

In the final, however, Gascoigne lunged at Gary Charles, exploding the legaments of his own knee and presenting a goal to Nottingham Forest. But Spurs surprised themselves and won the match without Gazza. The succeeding months have brought the farcical tale of

Gascoigne's second, mysterious, knee injury in a nightclub and his £5.5m transfer to Lazio of Rome.

The political, legal and financial shenanigans surrounding the FA's proposals for a separate Premier League are too depressing to describe. It was said Ron Noades, the chairman of Crystal Palace, "Two organisations (the FA and League) fighting over a perfectly healthy body."

Political events in South Africa dominated the cricket year. South Africa's ageing team returned to international competition with a series of one-day games in India, replacing Pakistan which had withdrawn for political reasons. But the country's participation in the Olympics is in doubt. A mediator has been appointed to resolve disputes between multiple "governing" bodies.

England's cricket team reached another nadir last winter. They lost the Test series in Australia, showing humiliating lack of confidence and competence. Yet by August they had recaptured both and beat the West Indies at home in the final Test to draw an enthralling 2-2.

England's rugby union team felt their nerve to win the Five Nations grand slam in a campaign marred by a row over money and failure to give interviews after the game against Wales. Will Carling's team were accused of being boring then, and the charge was repeated as the giants of their pack ground through the World Cup while the backs stood and watched. In truth, England were no worse than most of the other teams. The entertaining exceptions were Japan, who had little choice, and Australia, who had David Campese. England could not match Australia in the final.

The complaints about the rugby were matched by complaints from the English players about their lack of compensation for the demands the amateur code makes on them. Campese was one step ahead of them there, too. "I'm still an amateur, of course, but I should be paid for the five years ago," he said.

In tennis and golf, pay-days grew larger and more frequent for the super-rich players, who barely have time to sign another sponsorship contract before moving on to the next "world championship." The excitement in each sport came from old, relatively un-remunerative team events.

The Ryder Cup was not decided until the last pair reached the last green. Bernhard Langer missed an awkward putt and the US reaped the trophy. In the Davis Cup final, Henri Leconte - a worthy heir to Borotra, Lacoste, Cochet and Brugnon - beat Pete Sampras of the US and set France on course to

win the cup for the first time since the days of the Four Musketeers 60 years ago.

Team events bring out the flag-wavers. Paul Azinger, a US Ryder Cup player, struck the 1991 note: "Pride in the United States is back. We went over and thumped the Iraqis and now we've won the Ryder Cup. I'm proud to be American."

In the US, the most talked-about area of sport has been sex. The topic surfaced when Wilt "The Stilt" Chamberlain, the dominant basketball player in the 1960s, published an autobiography boasting that he had slept with 20,000 women. Then Earvin "Magic" Johnson, the dominant player of the 1980s, announced that he was retiring because he had contracted the HIV virus in one of many brief encounters.

It is hard enough when reality invades sport. But I hope

*'No fan could escape drugs, war, death and greed'*

that boxing never spills over into the real world. In the flag-ship heavyweight division, the size of the purses and the gall of the hype were more remarkable than the quality of the bouts. Evander Holyfield struggled to beat, first, the 42-year-old Rev George Foreman for the title, and then journeyman Bert Cooper, a late replacement for Mike Tyson, who was injured.

Tyson's next opponent will be Gregory Garrison in Indianapolis on January 7. Garrison is a prosecutor for the state of Indiana and Tyson is charged with rape. Tyson did manage to fight in '91: he dropped to two victories over Donny "Ras" Riddick. But neither was as embarrassing as Frank Bruno's one-round comeback win over Holland's hapless John Emmen in London.

The fight between Chris Eubank and Michael Watson showed what boxing is all about. After 11 rounds of courage and carnage, there came a moment which encapsulated all that is stirring in the game. Eubank, battered and drained, dragged himself from the brink

of defeat to deliver the punch that won the fight. But his moment of glory carried a ghastly price. Watson, tottering eerily, fought on but then collapsed into a coma. He is still in hospital. It was not an isolated incident. Last month, in Hampshire, an amateur, Kia Kwok Lee, suffered brain damage. No sport is worth that.

Athletics and swimming were clouded by the hardly unexpected revelations of the extent to which the German Democratic Republic gave its athletes drugs. Hans-Juergen Noczinski, former chief of its judo association, was quoted as saying: "Every athlete that competes internationally for East Germany is doped, every one." The fuss was greatest in the US, whose athletes finished second to the East Germans most often. Sir Arthur Gold, chairman of the British Olympic Association, described the emphasis put on Eastern bloc abuse by the US as "the best PR smokescreen ever. The US is by far the worst offender."

Nevertheless, the athletics world championships in Tokyo passed without a whiff of scandal. Liz McColgan destroyed the field in the women's 10,000m and Kris Akabusi overtook the 400m winner, Antonio Pettigrew, on the last bend of the 4x400m relay to provide two British triumphs. McColgan's front-running was matched by Yobes Ondieki of Kenya in the 5,000m - one of six track golds won by African men.

Carl Lewis won the nail-biting 100m in a world record but the race lacked the exhilaration of Ben Johnson's steroid-fueled surge in Seoul. One of the few television spectacles that has given me a rush of adrenalin just sitting in my armchair. Lewis also claimed a gold and a world record in the 4x100m but finished a sore loser after the year's greatest sporting moment. After 23 years, Bob Beamon's mythic long-jump record fell as it had been set by a largely unknown and unfancied athlete.

As Mike Powell soared from the take-off board into the long jump, he seemed to have totally unencumbered by the problems that have weighed down sport. He flew and we flew - and, for a few seconds, sport was what it should be.

## Golf books

## Up to scratch

AT tournaments as far apart as Tryall in Jamaica and Troon in Scotland, a tall man with curly hair and a quizzical look on his face is to be seen wearing the badge of a journalist. He wears glasses, which add to his scholarly air, and he always carries a notebook which he stuffs into a back pocket of his trousers when he is not scribbling feverishly in it. His name is Lorne Rubenstein.

Rubenstein is a peripatetic golf columnist who contributes a column to the *Globe and Mail* in Toronto. Whereas most golf writers can hardly hit their hat at five paces, Rubenstein was once good enough to win the eastern Ontario Amateur in 1972.

In 1987 he went round Olympic in 75 the day after the conclusion of the US Open, playing from the same tees and to the same flags as the pros had the day before.

Whenever I saw Rubenstein I noticed he would be deep in conversation with, say, Curtis Strange or Tom Watson. Jack Nicklaus would acknowledge Lorne with a cheerful "Hi, Lorne," a greeting he did not bestow on many golf writers.

With time to kill at Augusta, Ben Crenshaw might wander over to have a chat.

Having read *Links* (Stanley Paul, £12.99) I now begin to see why the pros singled out Rubenstein from the rest of us. He is bright, for one thing, with an MA in psychology to his credit, and they liked being asked unusual and intelligent questions. Furthermore, golf is in his blood. He is at his best when writing about his love of golf and his experiences of playing it around the world.

Publishers like to recruit a famous name to endorse a book and Rubenstein has landed the best: "A compelling look at the game from a writer who knows and appreciates it," says Nicklaus.

Anyone who carries a Press card can dust off a few good pieces, write a suitably self-deprecating introduction and ship them to a publisher to be reprinted in an anthology six months later. This is easy journalism or authorship, and it is what Peter Dobereiner has done in *Golf a la Carte* (Hutchinson, £14.99).

It would have been more

heroic to put a little more work into the project. How about writing an introduction for each section, say, or a guide to each piece? Wonderful as these pieces are, I have read them all before in *Golf World*, *Golf Digest* and *The Observer*.

For the past couple of years the complement of golf writers covering the professional tour has been enlivened by the presence of Lauren St John. St John was at work on a book about the golf tour and *Shooting at Clouds* (Mainstream Publishing, £12.99) is it.

This is one of the most refreshing books about golf for some time. The chapters about Greg Norman and Nick Faldo are particularly good - each bringing a feeling of freshness to men about whom little is not known. But I wish a more knowledgeable publisher's reader had worked on the manuscript.

Last summer I briefly investigated the world of golf memorabilia. The man who casts the longest shadow across this aspect of the royal and ancient game is Mort Olman of Cincinnati, whose book *Collectibles of Golf* is quite rightly considered the bible of the business.

Then, out of the blue, arrived *The Murdoch Golf Library* by Joseph S F Murdoch (Grant Books, Drolwiche, £25), which lists every one of his books - well over 3,000. All I can say about this handsome produced book is that it is wonderful: Murdoch is clearly mad about golf.

Derek Lawrenson, who writes about golf in the *Birmingham Post*, is the best young golf writer on the circuit. His first book, *The Ultimate Book of Golf* (Treasure Press, £12.99) wins the prize as the year's biggest golf book. It is bigger, even than Malcolm Campbell's *The Encyclopedia of Golf* (Dorling Kindersley, £26), a lavishly illustrated and engaging look at all aspects of the game.

Mike Britten's *Golf: The Last 25 Years* (W.H. Smith, £10.99) should have been more grammatically titled the past 25 years but we will forgive him that because of the quality of the text. It is hard-working, authoritative and remarkably good value.

John Hopkins

## Motoring

## Good cars in a bad market

THE YEAR drawing to an end is one the car industry and trade may prefer to forget. Sales generally have been down in all European countries in Britain by more than 20 per cent compared with 1990 which itself was substantially down on 1989.

Germany was the one exception. Unification opened up a vast new market in what had been East Germany. Sales zoomed as the citizens joyously threw aside their rubbishy old Trabants and Wartburgs and rushed to buy VWs and Opels instead. But even the German boom was falling off by the year's end.

No European car maker has much confidence that things will be better in 1992. That goes for Japan and the US, too. Some of the steam has gone out of the great Japanese car sales bonanza. In the US, 1992 makers have been stricken by declining demand for their products from customers who prefer to buy Japanese cars, whether imported or produced in US "transplants".

For the British motorist, the good news is that the buyer's market will continue. The bad news is that money will probably remain tight. This is mainly because many potential customers are either paying off debts unwisely incurred in the fat years or are fearful of incurring new ones just yet. Paradoxically, in its worst year financially for some time the industry launched a record number of new cars. As proof, there were 17 entrants for the Europe Car of the Year 1992 Award contest against 19 in the two previous years. (VW's new Golf won, followed by the Opel/Vauxhall Astra and Citroën ZX).

Apart from a tiny handful of outdated east European products, there is now no such thing as a bad car on sale in Britain. Some, to be sure, are better cars (and better buys) than others. And do not be misled by the sneering superficiality of TV programmes such

as the BBC's *Watchdog*. The cars we buy are safer than ever before.

Last week, at the press launch of the Fiat Cincquecento, a French journalist drove one from a parking place and was immediately involved in a severe, almost head-on impact with a Saab 900. The Saab suffered heavy damage; the tiny Cincquecento's front end was entirely crushed, with the engine and transmission pushed back at least 1 ft (30 cms).

A hospital case? Not at all. The French journalist, mercifully belted, stepped shaken from the tiny Fiat. Both doors still opened easily; the bodywork was not cracked. Crash

**Stuart Marshall looks back on a grim year for the industry**

survivability of that order is the direct result of huge spending by motor manufacturers.

It only motorists could be made to be as safe as modern cars, road casualty figures would go into free fall. While tens of millions of pounds are spent every year on improving the vehicles themselves, very little is invested in driver training. Yet it has almost unlimited potential for reducing the cost and suffering caused by road accidents.

Which cars have impressed me most in 1991? The Golf which won Car of the Year eluded me. Those who have driven it speak well of its build quality and performance. Volkswagen rightly stresses its safety and environmental acceptability.

Like the new Golf, the new Vauxhall/Opel Astra has been evolved into a much better product than the last one. It is a very good car - but had I been a Car of the Year juryman, my vote would have gone to the ZX which took Citroën

into a new market segment and will, mark my words, sell like the proverbial hot cakes in 1992.

The 850GLT (fourth in Car of the Year) is the first entirely new and original Volvo for a generation. It will, unfortunately, also be the last. Unfortunately because, in spite of its dated styling, it is the best and most sophisticated design Volvo has ever produced.

Future Volvos will be heavily influenced by larger partners; the Swedish ones by Mitsubishi, the Dutch-built ones by Renault. Small volume car makers have to get into bed with the giants. They cannot exist on their own any more.

If one looks at a car purely as a machine, the best of the hundred-odd I have driven in the past year was undoubtedly the new S-Class Mercedes. It is a benchmark against which all other luxury executive class saloons must be judged. No other volume produced car is smoother, quieter, safer.

But it is large and large engines from 3.2 to 6-litres. Some may think it born out of its time. Enough of the Car of the Year jury did to put it in a desirous 11th place, behind the peppy but unremarkable Mazda 121.

Other highlights of my motoring year included the Toyota Camry 3-litre V6, which looks and goes rather like its bigger brother, the peerless 4-litre V8 Lexus. The new Mitsubishi Shogun was, I thought, a prime among four-wheel drives. Vauxhall has been able to price its British-built Frontera predatorily because it was developed from a Japanese Isuzu 4x4 pick-up truck, not created expensively from scratch.

One-box estate cars - otherwise known as multi-purpose vehicles - will be one of the great growth segments of the 1990s. The newest Renault Espace (especially the V6 engine model) is a stunner if you have up to £24,000 to

invest. The latest Mitsubishi 5/7 seat Space Wagon or 5-seat Space Runner are a cheap enough to appeal to a much wider audience and are great family transport, too.

Value for money. Is something most of us will be looking for as we wait for real economic recovery.

Four quite different cars that struck me as among the better buys were the little Kia Pride hatchback runabout and the very well equipped family-cum-executive Hyundai Lantra (also from Korea); the two-pedal and power steered standard Daihatsu Charade supermini; and the Seat Toledo from Volkswagen's Spanish subsidiary.

For my own choice of car I say faithfulness to the diesel engine. Having "gone diesel" long before it was fashionable in the late 1970s, I see no reason to change.

The Mercedes-Benz 190D 2.5 I shall drive into 1993 has been giving me 38 mpg (7.45 l/100 km) and runs so self-effacingly most people who ride in it need persuading that it is not petrol engined.

It is not so economical as the Citroën XMtd manual that preceded it which did around 45 mpg (6.27 l/100km), but it is a more pleasant car to drive and air conditioning for which a price has to be paid. The sheer quality of the 190D 2.5 gives me constant pleasure.

And my New Year forecasts? Norman Lamont, the opportunity to be missed last year and do something fiscal to encourage the wider use of fuel-saving, environmentally-friendly diesels.

Multiple accidents on motorways will continue to cause avoidable death and destruction. There will be hand wringing and ritual cries of "motorway madness" but the problem will not be addressed. The real answer is rigorous enforcement of reduced speed limits in poor visibility and prosecution of everyone who can be proved to have been driving beyond their braking distance.

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## BOOKS

# From Plato to poetry, you are 'a darn clever bunch'

Anthony Curtis announces the results of the FT Literary competitions

BOTH THIS year's competitions proved to be extremely popular and the haiku inspired a record number of entries. The FT's fax machine has been stuttering them out, along with agony column ads from men and women of letters, like a pianola gone berserk. Not to mention the bulging mailbags that made the Lit.Ed's office even more difficult of access than usual. In neither competition was it outstandingly difficult to reach the pass-mark, but the overall level was much higher than that. As Ezra Pound, who cropped up in both, said of another group, you are "a darn clever bunch". Congratulations all round. Sorry, by the way, about the confusion over the deadline. It should have been Tuesday but because of the incorrect date given, it was extended to Thursday, December 19. If your masterpiece arrived by last post on the 19th, it will have been considered.

## Box Numbers

THE task here was to construct one of those ultra-rare personal ads, that appear in the back-page columns of journals like *The New York Review of Books*; they were to be composed by an author of repute, either living or dead. Entries on behalf of the dead departed numbered those of the living, but not completely by any means. Applicants ranged from Plato to A.N. Wilson ("Gentleman with views on everything wishes to meet patient listener" - Katie Mallett), from Ovid to David Hare ("Are you fed up with the deeply ingrained national habit of lying? Me too" - Bernard McGinley); indeed the literary great and good were shown to be Clare Rayner fodder all.

If the ad, was well done I thought you should be able to guess the name of the advertiser - as in "Banker manqué, living and partly living, seeks cat-loving female for mutual quotation-capping in current waste land of London" (D.A. Prince) and, for the same advertiser, "Correspondence with a house agent's clerk and a Bradford millionaire could be of mutual benefit. Confidentiality assured" (Dr T.B. Elden). Or "German-speaking insurance clerk, Jewish, interested in legal procedures seeks friendship with unattainable female..." (Aldo Rivers) among many Kafkas.

Dr Johnson, Swift, Coleridge, Blake, Keats, Elizabeth Barrett Browning, Mark Twain, Oscar Wilde, De Sade were all imagined to be sending out similar *cris de coeur*, as were Hemingway, Joyce, L. Durr

rell, Virginia Woolf, Catherine Cookson, George Orwell (lots), Fay Weldon, Margaret Drabble, not were some pen-pushing royals and world-leaders such as Henry VIII, Elizabeth I, Victoria, Winston Churchill and Hitler neglected.

First prize of £100 to Noel Petty for the two bulls' eyes printed below:

Penproud somesmad sequeidial Irish wordwisher, 43, speckbled oftincupped outdod of the outdod, yearnsnaypines for lightfootlass to be fooffee (o fie) of his lornoflove tergiversifications. Mothersurrogations only, nothing dirtydevil. Marys preferred. c/o Shakespeareco, Paris. (James Joyce/Noel Petty)

? Box 123, London (Harold Pinter/Noel Petty)

And now the runners-up who each receive £25:

Orthress wants to meet a young man like Mr Salteena to get engaged to and married to when she is old enuff he must be very tall and hansom and have a big fortune so they can live happy ever after. (Daisy Ashford/Ba Miller)

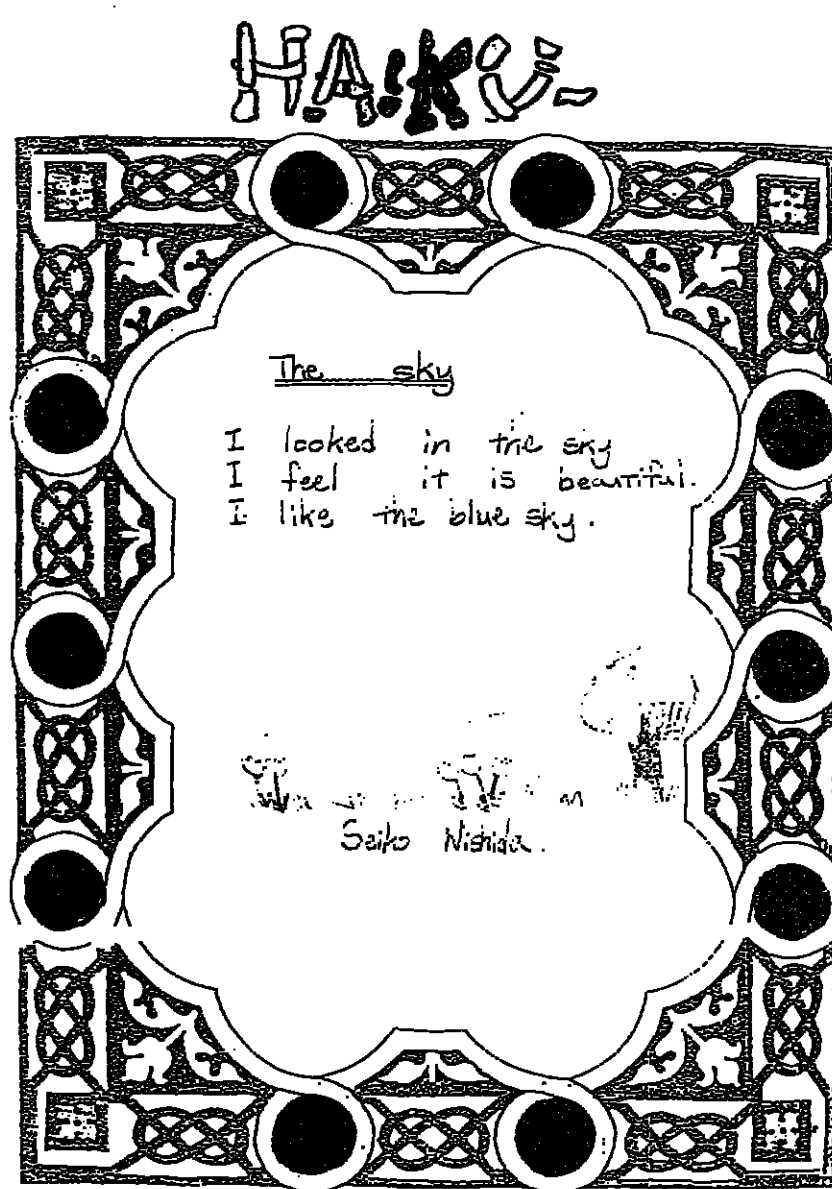
Lively forty-year-old male, weary of travel to Europe on the sovereign's business, seeks companion for charity ramble in Kent starting at a London inn, with Canterbury as ultimate destination.

Ability to enliven walk with stories and reminiscences (fact or fiction) an advantage. Please send CV with brief examples of previously published creative output. This is an equal opportunities venture open to men and women from any social, vocational or professional background. (Geoffrey Chancer/Michael Banister)

Somerset based poet and dreamer requires Abyssinian maid, preferably with talent for playing the dulcimer. Duties will include discouraging unwanted visitors from Porlock and showing the door to time-wasting ex-mariners hawking dubious stories of tropical sea-going killer birds. Knowledge of drug supply an advantage. (Coleridge/Guy Thomas)

Lecturer in mathematics, interested in religion, photography and writing (currently researching novel ideas concerning drug-induced variations in high) wishes to meet very young girl who has retained her senses of wonderment. Ideally, she should have a reflective nature and share writer's anthropomorphic approach to wildlife. CLD/LC. (Carroll/Olive Howard)

If you're a flock of some talent NOT a sleazebag, you might like to meet me some evening in my club in Paddington. Either of us: early 40s, voice gentle and low, gorgeous cheekbones, designer beer (small



Seiko Nishida's haiku: she spoke no English before September.

jugs OK. (Martin Amis/Bernard McGinley)

I am blind, but appreciate beauty. I am lonely, but long for company. I am sad, but long for happiness. Is there a patient soul on earth who could restore my paradise lost? I only wait but long to serve. (Milton/Katie Mallett)

Almost-divorced mother of two school-aged children, early forties, country-based with occasional trips to London, involved in equestrian activities and extensive charity work, seeks single man for companionship and possible marriage. Must enjoy non-glamorous lifestyle and holidays with my family in Scotland. No ex-army need apply. (The Princess Royal/Anne-Marie Studzinski)

## Haiku

IT WAS J.D. Salinger's Seymour who, we are told, "loved the classical Japanese, three-line seventeen syllable haiku as he loved no other form of poetry, and that he himself wrote - bled - haiku..."

FT readers have been similarly bleeding haiku for the past few weeks. The only stipulation was that the verses should have some topical relevance. We were delighted though to receive some of the more timeless variety from nine to 13-year-old pupils of Milham Ford School, Oxford, specially composed for the occasion. An honourable mention all round, especially to Japanese-born Seiko Nishida who shows us (see illustration) how it should traditionally be done. No clear winner emerged here among such a wealth of talent so we will divide the prize money and split it among all those whose haiku are printed below to the tune of £25 each:

Euro Parliament  
Ruling by common dissent  
But see - muscels sprout!  
(Alison Bailey)

(Croatia)  
Burning shriven tree  
Ice rooted crazed wind riven  
sprays to winter sky.  
(Diana M Stannus)

Waiting hostage, foot-  
bunioned, heart-Bunyaned, released.  
Can-can Cantuar!  
(I D A Tunks)

Lawson bonanza  
Thatcher in world of her own.  
Major recession.  
(Peter Clements)

To write a haiku  
You need a high IQ  
They don't rhyme or scan.  
(Richard Rannable)

Robert Maxwell drowned  
A final sad flotation  
Leaving all at sea.  
(J F N Wedge)

England could have won  
the Rugby World Cup final.  
They made the mistakes.  
(Stanley Pelter)

We'll miss you sterling  
Soon our consummation comes  
with a hard Ecu.  
(Justin Barnard)

Europe asks each man  
To sign up, play Delors game  
That means you too John.  
(Maurice Roughton)

## A musician with literary ambitions

EIGHTEENTH century England saw a steady improvement in the status of artists. Painters, if they were good, ceased to be regarded solely as paid craftsmen. Dr Johnson successfully asserted the claims of literature and his friend Garrick made the theatre respectable. In music, the advance was led by another of Johnson's friends, Dr Charles Burney, "the great Dr Burney" as he was eventually called.

Burney worked hard for his success. He composed a good deal of music, now seldom played. He was a member of Handel's orchestra. For 55 years he took pupils from among the rich and fashionable, at times as many as 80 in



THE LETTERS OF DR CHARLES BURNEY: VOLUME I, 1751-1784 edited by Alvaro Ribeiro Charendon Press/Oxford £60, 501 pages

a 12-hour day. But his most lasting achievement was his books, especially *The Present State of Music in France and Italy, 1771*; *The Present State of Music in Germany, the Netherlands and the United Provinces, 1773*; and *A General History of Music, 1776*. Burney's interest in music was limitless. On his journeys on the continent he attended musical performances of all kinds. He searched the libraries for printed scores and manuscripts, and presented letters of introduction to the leading musicians in every city he visited. Unlike Sir John Hawkins, his only rival as a pioneer musicologist, Burney was not collector of antiquarian curiosities as an end in itself. True son of the Enlightenment, he believed in absolute standards of taste and he had little doubt that his own century was less liable to artistic error

than the past. Josquin he admired, but Elizabethan madrigals were barbarous.

When in Paris Burney heard a minor piece by Mozart, who was then eighteen. It was, he wrote, "a very elaborate and masterly composition which none but a great master of harmony, possessed by a consummate knowledge of the genius of different instruments, could produce". J.S. Bach he found dry, preferring C.P.E. Bach whom he knew personally. His warmest admiration was for Haydn, whose visit to England he helped to arrange. Haydn's music became more pleasing to him the older he became. It gives me more pleasure, he wrote, than "in the most ignorant and rapturous part of my youth".

The Burney family left a rich archive of letters and papers, including the long diary of the doctor's daughter, the novelist Fanny Burney. In recent years many of these papers have been edited for publication by a team of scholars, mostly Canadian. The latest to appear is the first volume of the collected letters of Charles Burney, covering the years to 1784. There are still three more to

come - Burney did not die until 1814 when he was 89 - but the earlier period is of most interest. Many of the letters have never been printed before, or are only available in heavily cut versions, and the editor has supplied admirable explanatory commentaries which take up half the book.

Burney had ambitions to be a literary figure. Many of his personal letters are carefully wrought compositions, produced with an eye on posterity. In an age which expected formal compliments, Burney could lay them on with a shovel, and some of his flatteries must surely have stirred the stomach even in his own day. He also enjoyed turning out verses, but lacked inspiration. Although the collection is a welcome addition to our knowledge of the Johnson milieu, its main value lies in the comments about music.

As with many Clarendon Press books, the price is prohibitively high, and although the printing is excellent the paper looks unattractive and unenduring for work that is unlikely ever to be done again.

William St Clair

DATE with Dorothy Thompson, so the story went in her college days at Syracuse, New York, meant a walk in the moonlight and a talk about Hegel. Young women enamoured of philosophy often conceal passionate natures. So it was with Dorothy Thompson, one of the most talented, and certainly the most committed, journalist of her day - champion of justice, friend of presidents, scourge of national socialism, married three times, ever more thrillingly.

If few people have heard of her now, that is a measure of journalistic fame. Words of fire, written today, become the fish and chips wrapper of her day. Dorothy Thompson was the most successful woman journalist of her time, from the mid-1930s to the end of the war.

She had tremendous flair and feeling for getting to the heart of things, and no inhibitions, as a woman, about her vocation. Most important, her political instincts were right, notably in her prescient hostility to the threat of Hitler.

Her meeting with Hitler is revealing (and makes a damning contrast with the likes of Unity Mitford). It took her less than 30 seconds "to measure the startling insignificance of this man who has set the world agog. He is formless, almost faceless, a man whose countenance is a caricature... There is something irritatingly refined about him. I bet he crows his little finger when he drinks his tea..."

Face to face with the banality of the man, Dorothy Thompson could not bring her

## Words of passion

AMERICAN CASSANDRA: THE LIFE OF DOROTHY THOMPSON by Peter Kurth Little, Brown £20, 357 pages

The value of this account of her life is that it recalls, from a fresh angle, the events of those years, and records in such detail Dorothy Thompson's achievement. Her own comments on her life, political and amorous, are better than anything an observer might offer, and fortunately she left a cornucopia of letters, diaries and papers to draw on.

Her meeting with Hitler is revealing (and makes a damning contrast with the likes of Unity Mitford). It took her less than 30 seconds "to measure the startling insignificance of this man who has set the world agog. He is formless, almost faceless, a man whose countenance is a caricature... There is something irritatingly refined about him. I bet he crows his little finger when he drinks his tea..."

Face to face with the banality of the man, Dorothy Thompson could not bring her

self to believe he could succeed. It was a major error of judgment, and was rapidly corrected. From his rise to power to death in the bunker, there was no one in journalism who spoke louder than Dorothy Thompson in the fight against Nazism, her biographer claims.

She was the first American correspondent to be expelled from the Third Reich, on Hitler's personal order. Characteristically, after the war she was in trouble for arguing so strongly that Germany should be treated with compassion and understanding. She mistrusted Roosevelt, with his

charisma and talk of this generation having a rendezvous with destiny. "This generation had better not make any blind dates," she replied. That kind of verbal KO was her trademark - that and solid reporting in the service of naked emotion.

Dorothy Thompson's success as a journalist - founded on her twice-weekly column "On The Record" in the old *International Herald Tribune*, begun in 1936 and continued for 22 years - would not on its own make such a compelling reading if it were not for her starry private life. When she fell in love, she fell quickly and completely. Her second marriage, to Sinclair Lewis, best-selling author and big drinker, was a cataclysmic experience.

"Mr Lewis!" she protested when he first proposed to her. "I don't even know you!" What did that matter, he replied. "I have been looking for you all

my life." He went on asking until she gave in. He won the Nobel Prize but still went on his binges. For a period she indulged a lesbian streak.

With her third marriage, to a painter who was in no way intellectually inclined, came a long period of content. By then, the young woman who had got her first foreign assignment by claiming she knew more about Zionism than anyone, so prove it had become a living legend.

Cover of *Time* magazine. Satirised in the movie *Woman of the Year*. Friend and confidante of everyone who mattered. At the height of her fame she was read by between eight and ten million people a day. At Syracuse, her dean of studies warned her that many people who lived from writing would be forgotten when their pens ceased to function. An *American Cassandra* seeks to redress that judgment, with the kind of informed and enterprising reporting that its heroine would surely have endorsed.

David Spanier

## In at the death of Soviet communism

SOVIET communism gave its final death rattle in the immediate aftermath of last August's abortive putsch. Boris Yeltsin, magnificently defiant on the barricades at the Russian parliament, had already repudiated communism and all its works, and Mikhail Gorbachev, when he returned shaken from his three days of house arrest on the Black Sea, was obliged to follow suit. On Saturday August 24, he announced, although with some reluctance, that after more than seven decades the rule of the Communist Party was over. The Soviet Union dies next week.

The way in which this historic turning point was reached will no doubt preoccupy commentators for a long time to come, and several have already appeared on the scene, among them the intended victim of the August putsch himself (The August Coup: the Truth and the Lessons by Mik-

hail Gorbachev, HarperCollins £13.99, 127pp). Gorbachev's own account is, however, something of a disappointment. Only 15 pages are devoted to the crucial three days of his detention in the Kremlin, and many details are left unexplained. For the rest, he resorts mainly to special pleading, with a tenuous explanation of why, although he suspected a coup might be in the making, he left the plotters in power, and an all too brief word of praise for the man who saved him, Boris Yeltsin.

In the closing sections he reflects on the future of the new Union of Sovereign States, but the writing is tired and wooden. In the final analysis, Gorbachev's genius for compromise deserted him. Yet compromise is the rarest of virtues in Russian political life. It was, after all, Gorbachev who started the present tumultuous transformation of Soviet society, and posterity may well deal with him more kindly

than the present memoir would suggest.

In retrospect the August coup seems a fairly simple affair: the courage of one leader against a half-hearted attempt to turn the clock back by a bunch of inept conspirators. It was more complicated than that, however, and the BBC's Martin Sixsmith has now provided not only a vivid eyewitness account of those three fraught days and nights in the besieged Russian parliament building with Yeltsin, but a thoughtful reconstruction of the tangled events leading up to it and the mixed motives of those involved. (Moscow Coup: the Death of the Soviet System. Simon & Schuster £7.99, 150pp).

In the months preceding the coup he had interviewed most of the leading figures in the growing drama of confrontation, from Shevardnadze to Lukyanov, from Yakovlev to the hardline Colonel Alksnis. He had noted how deeply

unpopular Gorbachev had become with ordinary citizens by his failure to meet their expectations. As for Yeltsin, he knew that he had started as typical *homo sovieticus* but also that he had a rare ability to change and to inspire personal loyalty. In writing of the August coup, he shows a wholehearted identification with the Yeltsin camp that might draw frowns from some, but he is redeemed in this by his infectious enthusiasm.

Another former Moscow correspondent, John Morrison of Reuters, has produced the first detailed biography of the leader who now dominates the Russian stage (Boris Yeltsin, Penguin Books £9.99, 301pp). While showing a lively sympathy for his subject, Morrison is well aware of his faults - an authoritarian tendency, an intolerance of others' viewpoints - yet feels that these are outweighed by his virtues. From his harsh upbringing in Sverdlovsk, Yeltsin has

retained an ability to understand the sufferings of his fellow citizens, and has demonstrated it again and again by visiting the most depressed corners of the country.

Some have detected in him an element of Great Russian chauvinism, but by speaking up for Russian interests so long flouted in the past he has won a vast following. How this will eventually be accommodated in a larger Union remains to be seen, but Morrison's perceptive study throws much light on Yeltsin's combative, complex character.

An older voice, that of Alexander Solzhenitsyn, provides a useful footnote. (Rebuilding Russia, Harvill £4.99, 103pp). His central theme - that Russia must discard the spoils of empire and refashion its destiny in its old heartlands - is not new, but is here eloquently restated, in an excellent translation by Alexis Klimoff.

Erik de Mauny

## A good dig through recent archaeology

A CENTURY ago the future excavator of the tomb of Tutankhamun started his archaeological career as a draughtsman recording tomb paintings. Then only seventeen, Lord Amherst spotted his ability and helped send him out to Egypt by paying half his £50 annual wages. Howard Carter, by H.V.F. Winstone (Constable, £20) is a lively account of a strong-minded loner who was a fine artist and excellent excavator. His standards were so far ahead of his time that the boy pharaoh's tomb and Carter's notebooks can still produce new information. I enjoyed this first biography, and its photographs of the days when archaeologists dug in ties and solar topees and their patrons were English lords or American entrepreneurs.

Egyptian Myths by George Hart

(British Museum £5.95) is the stocking present for anybody off to the Nile who wants to disentangle Isis and Osiris and find the background to *The Magic Flute*. Music lovers will enjoy *Music and Musicians in Ancient Egypt* by Lisa Manniche (British Museum £3.95). I was struck by how many instruments they had, from lute, lyre and harp through woodwind (double oboe) to percussion (tambourine, clappers and rattles). Their "harper's songs" urged the Egyptians to cheer up and enjoy life while it was there.

The Rape of Egypt by Peter France (Barrie & Jenkins £16.99) is sobering, an account of how the Europeans, starting with Napoleon,

stripped the country of its monuments for over a century. By the 1920s attitudes had changed and Tutankhamun's treasures stayed in their own country. An easy read on a well-traversed topic, marred by the author not saying where his quotations come from.

Soberer still are two books on human sacrifice. *The Life and Death of a Druid Prince* by Anne Ross and Don Robins (Rider £2.99) sets Lindow Man - the bog body - in context among the Celts and the powerful religion of the Druids, whom the Romans sought to eliminate as dangerous mullahs. Aztecs by Inga Clendinning (Cambridge £24.95) is a long essay on similar

customs in Mexico, with the 16th century Spaniards in the role of the Romans.

Three additions to the English Heritage/Batsford handbooks to English monuments (£12.95) are lively, authoritative and easy to understand with clear illustrations. Many of them reconstructed drawings. Niall Sharpley tackles Maiden Castle, Dorset's spectacular Iron Age hillfort. Julian Richards Stonehenge and Francis Pryor Flag Fen, the extraordinary settlement on a wooden platform outside Peterborough which is giving a totally new view of early Britons - our forebears lived in the mud as much as on the chalk downs of Wessex. All

three sites are exciting places to visit. These books do them justice, and tell you how to get there.

Walk-to-Wall History by Richard Hodges (Duckworth £9.95) is a thoughtful account of the secrets the country and its drystone walls hold on a hillfarm in Derbyshire. Hodges interrogates the landscape to squeeze out its history from prehistoric times to a Roman mining village, medieval sheep grazing and today when hillfarms are marginal. Guy de la Bedoyere *The Buildings of Roman Britain* (Batsford £25) is a handbook of the sophisticated designs of triumphal arches, villas, temples, markets, mills, amphitheatres and wharves the Romans

brought to Britannia - along with central heating and running water.

Reading the Past (British Museum £17.95) is a lucid collection of essays on early scripts. From Mesopotamian cuneiform to Egyptian hieroglyphs or Etruscan, men took a great step forward when they invented writing. These guides explain how the texts were deciphered and what they say. Linear B distinguishes between castrated sheep and rams, and the Mesopotamians invented the sexagesimal (60-base) system we still use to tell the time. An ideal gift for crossword fanatics or applicants for GCHQ.

Archaeology by Colin Renfrew and Paul Bahn (Thames & Hudson

£18.95) is a tour de force ranging over the subject worldwide with something of interest for everybody. I am staggered how much they manage to encapsulate in a book that looks as if it is aimed at first-year undergraduates but is also a good present for those filling in UCCA forms for archaeology.

As a veteran of the Cyclades, Lord Renfrew knows *The Cycladic Spirit* (Thames & Hudson £25). This is just the book for those who do not think there is much "criticism" in the study of ancient works of art. It has stunning photographs of the marble 3rd millennium BC figurines with folded arms, wide-ish bottoms and bird-like oval heads which, he reminds us, had such an impact on Brancusi and Modigliani - and also on Henry Moore.

Gerald Cadogan



## PROPERTY/SKIING

# Forced sales and heartbreak in '91

John Brennan looks back at one of the most traumatic years the UK residential property market has faced

THE SEASONAL harvest of housing market reviews is upon us. Some are bland, some spicy, and some wander off into the wider economy. But no Christmas or New Year would be complete without pontifications by industry leaders.

At the start of 1991, sensible people were looking in one direction. They could never have imagined the shattering effect of job losses and repossession on confidence and sales.

The hope was for further modest interest rate cuts following the previous autumn's reductions - which had, however, encouraged viewers rather than buyers. It was thought that a small extra reduction in loan costs would boost sales from barely ticking-over to active. Few expected the degree to which job fears would deter movers or how indiscriminate would be the fall-out of forced sales and repossessions.

The hard evidence of home-loan problems has long been evident in auction catalogues with their lists of vacant and boarded ex-council houses, older flat conversions and run-down

terraced houses. The change in 1991 was the scale of the forced sale business.

Yet, repossessions that end in public auction rooms represent only a tiny sliver of the "must-sell" transactions across the country. Individual sales agency managers, quoted in the Royal Institution of Chartered Surveyors' regular country-wide reviews of the market, have made clear that, far from being a rarity, forced sale - and, more often, near-forced sale - work has been providing the bulk of many agencies' day-to-day business.

This year, the increase in forced sales has extended across price and class ranges. Indeed, the sight of such sales stretching into leafy suburbia and including double-glazed, double-garaged, executive Tudorbethan homes has had a traumatic effect on middle-layer owners, in particular.

Their problems have, however, been bonuses for one new group of buyers that no one spotted 12 months ago. In among the professional traders at residential auctions have been a number of exceedingly cautious middle-aged

couples, less well-off divorcees and long-term renters. For them, repossessions at knock-down values have proved an unexpected opportunity to buy cheaply a home of their own.

The other strength of these buyers is that, with some savings, they have been able to walk around the valuers' trap that proved to be another of the unexpected bars to reviving sales volume in 1991.

The valuer - whether from a lender's own professional staff or from the country-wide panel drawn from local surveyors - has needed no signboard messages to appreciate that optimistic estimates are unfashionable. Indeed, the year's cautious valuations for mortgage loans have added to the withdrawal from the market of the various loan-bridging offers which had been making it possible for some first-time buyers to pick up good discounts from builders on the price of a new home.

Valuers' reactions have had a profound effect on saleability. Usually, there would not be a lot of difference in the value for mortgage purposes of



Sales signs outnumbered buyers during the year

one modern house against another, and any gaps could be smoothed by builders' discounts. In 1991, though, the gap between asking prices and valuations has been remarkably varied.

Valuations in different parts of the country, and on different types of property, make clear that valuers - asked to come to a professional judgment of re-sale worth without any recent comparable sales evidence - have been setting highly-cautious figures.

On some new-home estates where there has been the occasional discounted sale to keep up the developer's spirits, valuers have been content to take the discounted asking prices as a valuation level. Yet, travel a few miles up the road and you find a builder at war with valuers keen to reduce the loan valuation by the amount of every discount or incentive to buyers.

Valuations for mortgages as much as 30 per cent lower than asking prices have meant that any mortgage raised on such properties would be covered more securely than Atlantis. But only buyers with access to a big deposit could afford to ignore that reversal from open-handed to restrictive lending. There has been little evidence of the important extra cash boost for younger buyers from parents and grandparents.

When prices rose in the 1980s, those older owners were content to realise a part of the free equity in their homes and help their children with cash so they could bid for a better property. This "trickle down" effect has been noticeable by its absence in the past two years.

None of these now-familiar hallmarks of the 1991 housing market was expected to be relevant during last year's season for residential punditry. Yet, every one caused unexpected change. No one, for example, would

have predicted a year ending with the government pressuring big lenders to create schemes so that owner-occupiers can become tenants as an alternative to eviction.

Another thing last year's pundits never would have expected is the insensitive response to troubled borrowers by some "central lenders."

When these wholesale lenders set up their stalls, they did so in a way that attracted a lot of business from the "hotter" ends of the loan market. The drive was for young, double-income couples and for would-be owners more interested in trading their flats and houses than in buying a home, as well as a no-nonsense pitch for "loans of last request."

The cool, no-nonsense ability to get cash out appealed to borrowers. But those who have become embroiled in repayment problems have found that while the coolness is retained, the efficiency takes a back seat.

Once accounts seem to have moved beyond the point of minor arrears, at least one central lender's way of giving comfort and aid is to have them bundled out and away to land by the pre-set word processors of a low-cost northern solicitor. This starts a formula: a grey but persistent correspondence aimed at getting full outstanding payment or a court order for possession.

On the other side of the coin, a real shortage of international-standard new residential property in London has enabled there to be a slim but active market for the best at the keenest prices through the year. "Keen" is a relative term when you look at west-central London housing. But in the case of the no-expense-spared rebuilt block in Lowndes Court, Lowndes Square, SW1, keen has meant up to £750 a square foot - a figure that would have been demanding even in a "live" property year!

## Snow danger and delight

It was "snowing like crazy" in Klosters, the Prince of Wales' favourite Swiss ski resort yesterday. This was much to the delight of thousands of British skiers and Rory Byrne, of Powder Byrne, who sells expensive ski holidays to Switzerland. Before Christmas a number of Swiss resorts were decidedly patchy - even Zermatt, in spite of its snow guns, was almost universally in superb shape and after a huge avalanche control operation, as safe as the pistons can make them.

In the French Alps, after the heaviest snowfall in a single day since the Second World War, the pistes are almost universally in superb shape and after a huge avalanche control operation, as safe as the pistons can make them.

In Austria where it snowed in many resorts on Christmas Day conditions are also extremely good. Marion Toland, at the Austrian Tourist Office in London, ran out of superlatives yesterday.

"Amazing", she said of the 130 cm of snow at St Johann in Tirol. "That's quite a low resort," she said. "Incredible," was her description of the 185 cm on the upper slopes of Saalbach-Hintergumpe. She also drew attention to "wonderful" conditions in Kitzbühel, Lech and Zurs where there was up to 170 cm on the upper slopes.

According to Citalia, the Italian specialists, there is excellent skiing in most Italian resorts especially at Bormio, Santa Caterina, Madonna di Campiglio and in the Italian Dolomites. At Cortina, according to Citalia's Samantha Wilson, there is "loads of snow and wonderful conditions."

Wilson was however being scrupulously honest about Courmayeur, one of the more gloomy spots.

"It's not good," she said helpfully, "they're skiing on old snow. Here's our rep All's report, which has just come in. It says: 'Very icy. Lots of accidents, including me.'"

In the end Christmas on the slopes turned out to be a day of delight rather than drama. In spite of avalanche warnings many resorts enjoyed their finest Christmas for years, with crisp conditions, blue skies and sunshine. Ironically it was those skiers who obeyed sking's No 1 edict - aim high - who were confronted with some of the worst problems.

"It was ironic that the people who took our advice and went to high ski resorts were the ones who could not get into the resorts because of too much snow," said Thomson's ski programme director Mark Wenborn.

"Many spent last Saturday night sleeping on the floor in village halls and fire stations," he said.

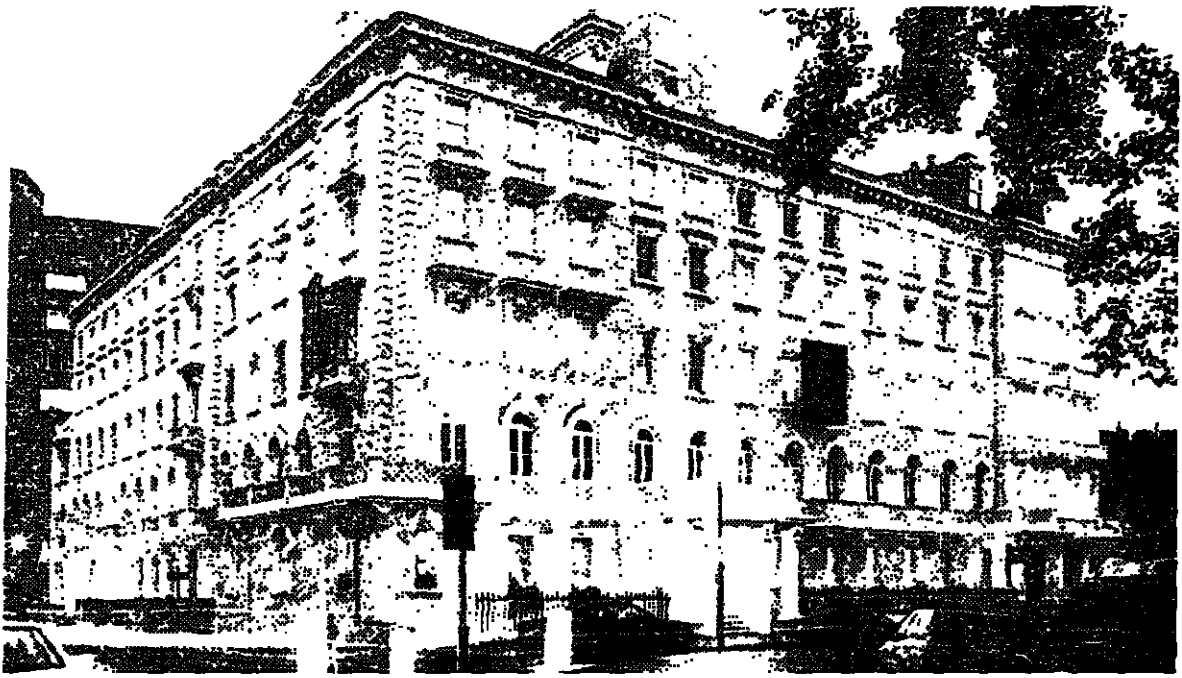
According to the French meteorological office 120 cm of snow fell in the Tarentaise area - where February's Olympics will be held - during a 24-hour period last weekend.

This was the heaviest fall of its kind since 1945. It was followed by the most dangerous possible conditions - six hours of rain with strong winds at high altitudes. But even the rain was a mixed blessing. It soaked through to the frozen base and re-freeze to make the base more stable.

"The pistons have blasted hell out of everything in Les Arves," reported Martin Rowe of Optimum Ski Company, "so everything here is as safe as they can make it. But it would be absolutely lethal to ski off-piste."

The forecast is for colder weather, more snow and superb skiing for all. But with high winds increasing the avalanche danger there is still a fine line between wonderful skiing on piste and disaster and tragedy off-piste. You have been warned.

Arnold Wilson



A rare success story is Lowndes Court, London: apartments at more than £2m a time, yet sales agents Knight Frank & Rutley (071-824-8171) has only three flats that are not sold or under offer

In Bordeaux, the heart of France, the rich traditions of the region are being rediscovered. The city is a blend of history and modernity, offering a unique experience for visitors. The word 'Bordeaux' is prominently displayed in a large, elegant script across the bottom of the advertisement.

Clipp

I

On

From Page 1

the first time since the war...

the first time since the war...

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## BRIDGE

## Results

**REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES-AMOLIA:**  
**1.05** Story Ways Christmas. **1.05** Angle News. **5.15** Angle News and Sport. **5.55** Regional Weather.

**ORDER:**  
**1.05** Border News. **5.15** Border News and Sport. **10.40** The Granada Match. **11.35** Amnesty - The Big 30!

**CENTRAL:**  
**1.05** Central News. **5.15** Central News

**MANCHESTER:**  
**1.05** Manchester News. **1.05** Puffin's Magic Christmas. **5.15** Channel News.

**GRAMPHAM:**  
**1.05** Bathashean Neontash. **1.05** Grampian Headlines. **5.15** Grampian Headlines. **10.40** The Granada Match. **11.35** Amnesty - The Big 30!

**GRANADA:**  
**1.05** Granada News. **1.05** Granada News of Tomorrow. **5.15** Granada News. **5.15** Granada News. **10.40** The Granada Match. **11.35** Amnesty - The Big 30!

**MTV:**  
**1.05** Superman. **1.05** MTV News. **5.15** MTV News and Sport.

**MTV Wales as MTV except to variations.**

**SCOTTISH:**  
**1.05** Scotland Today. **5.00** Scotland Sport Results. **1.05** Scotland Today. **5.55** Scottish Weather.

**TSW:**  
**1.05** The South West Week. **1.05** TSW News. **5.15** TSW News. **5.55** TSW Weather.

**TVS:**  
**1.05** Blockbusters. **1.05** TVS News. **5.15** TVS News. **5.55** TVS Weather.

**TVS TELES:**  
**1.05** Riverside. **1.05** Regional News. **5.15** Regional News. **5.15** Local Match. **11.35** Amnesty - The Big 30!

**WSTN:**  
**1.05** Community Games National Finals '91. **1.05** West News. **5.15** West News. **10.40** The Granada Match. **11.35** Amnesty - The Big 30!

**WSTN:**  
**1.05** Katts and Dog. **1.05** Calendar News. **5.15** Calendar News. **5.55** Local Weather.

**WSTN:**  
**1.05** News as Channel 4 except to variations. **1.05** The Adventures of Tom Sawyer. **1.05** Circus Du Soleil. **12.45** American Football - Red. **4.15** Belgica Magica. **10.00** International Yacht Racing. **4.10** Ray of Light. **5.30** Little Match Girl. **7.00** Wyddion Nos Sadwrn. **7.20** Bachia H. **9.00** O. M. **9.30** Dr. Elen. **9.50** Diamond's. **9.50** Hiding

**CHANNEL4**

**BORDER NEWS:**  
6.30 Goals Galore, 12.55 Anglia News, 6.35 Border News.  
7.00 Gardening Time, 12.55 Border News, 6.35 Border News.

**CENTRAL:**  
6.30 Gardening Time, 12.55 Central News, 6.35 Central News, 9.00 Local Weather.

**CHANNEL:**  
6.30 Reflections, 12.33 The Munsters Today, 8.05 Channel News.

**CRANFORD:**  
6.30 Regent's Park - The Jewel in the Crown, 12.55 Gramplan Headlines, 2.28 Central Time, 6.30 Casualty News, 4.35 Animal Country, 9.00 Scoopstar Review of the Year, 6.35 Gramplan Headlines.

**GRANADA:**  
6.30 Dr Soule on the Loose, 12.55 Granada News, 2.28 Christmas on Coronation Street, 6.35 Granada News.

**HTV:**  
6.30 West Country Farming Review, 12.55 HTV News, 6.35 HTV News.

**TV Wales as HTV except variations.**

**NORTHERN:**  
6.30 Glen Michael's Carlton Cavalcade, 12.55 Northern Today, 2.28 A Night in Casablanca, 10.48) 3.55 Kirk at Christmas, 4.55 Winter on the Tundra, 5.00 Scoopstar Review of the Year, 6.30 The Tall Ships Race, 6.35 Scotland Today.

**ITV:**  
6.30 News, 9.00 Sunday Today, 12.55 TV News, 1.35 ITV News, 6.35 ITV Weather.

**ITV:**  
6.30 TVS News, 12.53 The Munsters Today, 6.35 TVS Weather, 6.35 TVS News.

**MET TIMES:**  
25 Northern Life Review '91, 12.55 Regional News, 1.30 Seattle Compilation, 3.55 Telly's 1st, 3.35 The Back Page.

**STERN:**  
1991 Liffey Decant, 12.55 Ulster News-Review, 2.28 Christmas on Coronation Street, 6.35 Ulster News and Sport, 8.00 Ulster Newstime

**WICKLOWSHIRE:**  
25 Goals on Sunday, 12.59 Calendar News, 2.55 Monster Trucks: Racing to the Finish, 2.55 News, 6.35 Calendar News, 8.00 Local Weather.

**WIC:**  
6.30 Wakes on Channel 4 except:-  
Seaside Street, 10.25 Pailas, 10.35 Granpa, Voyage to the Bottom of the Sea, 1.00 Crystal Maze, 2.00 Opera - The Marriage of Figaro, 5.10 Isle Mele I Blainf, 6.00 Potof Y Nallote, 6.35 Newsdayline, 7.15 Sarnw'r A, 8.15 Hei Straeon, 8.45 Dechrau Canolfan Chrau Cannoel, 9.15 Tre Mewn Cyffion, 15 American Football 91-92.

# RADIO

**SATURDAY**

10.15 Letter From  
10.30 People and  
Places  
10.45 London  
11.00 55 Minutes  
11.15 Multitrack 3  
11.20 Roundup 1.00  
11.30 News  
11.45 Animal View 2.30  
11.55 Review of 1991, 3.00  
12.15 Sportsweek  
12.30 1.15  
12.45 News  
12.55 1.00  
1.00 5.00 News  
1.05 Sportsweek: final  
1.15 1.00  
1.20 English 3.25 News  
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1.40 7.24 News  
1.45 News: Book  
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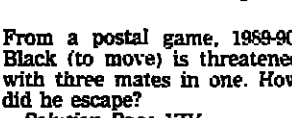
## SUNDAY

**WORLD SERVICE**  
**8.50 Newsweek**, **8.50** London  
**Mail**, **7.00** News;  
**Twenty-four Hours**; **News**  
**summary**, **7.30** From our  
**London**, **7.50** News;  
**6.50 Write On**, **8.50** News; **Words**  
**of Faith**, **8.15** Music With  
**the Stars**, **8.30** News;  
**Business Review** of the  
**Day**, **9.10** Short Story;  
**News**, **9.30** Kibell;  
**The Best of British**, **9.45** Sports  
**Roundup**, **10.00** News;  
**News in Action**, **10.15**  
**In Praise of God**, **11.00**  
**Newsweek**, **11.30** London  
**News**, **11.45** Minutes;  
**12.00 Play of the Week**:  
**Charley's Aunt**, **1.00**  
**News**, **1.15** News;  
**Summary**, **2.01** A Host of  
**Angels**, **2.30** Rest World  
**News**, **2.45** News;  
**The Mozart Years**, **3.00** News;  
**News About Britain**, **4.15**  
**News**, **4.30** News;  
**News**, **4.45** News;  
**In Germany**, **German Features**,  
**5.00** News and **Business**  
**Review**, **5.15** Club **5.40**, **6.30**  
**London Solr**, **6.14** **8BC**  
**English**, **6.28** News;  
**Germany**, **News** **6.40** News;  
**6.40 German Features**, **7.54**  
**News in Germany**, **8.00** News  
**and Business Review**, **8.15**  
**London**, **8.30** News;  
**10.00** **London**, **8.30** News;  
**Europe** **Tonight**, **9.30**  
**News**, **9.45** News;  
**10.00** **London**, **10.30** **Meridian**,  
**10.50** **Sports Roundup**, **11.00**  
**News**, **11.15** News;  
**11.30** **News**, **11.45** **Host** From  
**America**, **11.50** **London** News;  
**12.00** **Play of the Week**

***E P C Cotter***

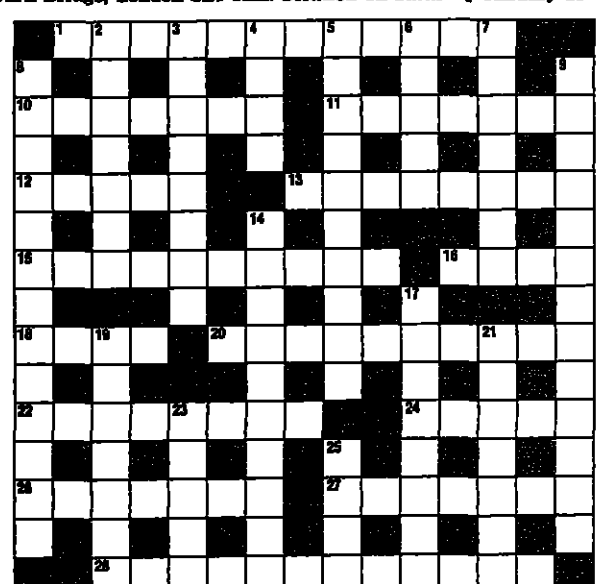
## CHESS

safe for Black. In earlier games White chose the less effective N2b3 and Qf3. 0-0 12 Bf4 Rfe1 13 Re1 Ne4 14 Ne5 Qd8 15 N3d3 Re8 16 c3 Bf8 17 Qh3 N4d5 18 Bg3 Nhxg3 19 hxg3 Qd7 20 Re2 Qd8 21 Qd2 Qd7 22 Rad1 Rcd8 21 Nf3 Qc8 22 Re2 Ne5 23 Qc2 Rxe2 24 Qxe2 Ne4 Black should try Ne6 or Nxd3 although White would mass pieces against the isolated d-pawn, meet d5-d4 by c3-c4, and march his Q-side majority. Short prefers active play which creates decisive weaknesses. 23 Qc2 g5! 26 Nd4 Bg7 27 Nb4 f5 28 Qg3 Kh8 29 Qf3! White wins one of the pawns, as 30 Nf3 Rf8 31 Ne3 Bxd4 32 Rxd4 f4 33 Nxd5 Nc6 34 g4! Ne6 35 Qe4 g4! 36 Ne7 Resigns



## CROSSWORD

**No. 7,733 Set by CINEPHILE**  
Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday January 8, marked Crossword 7,733 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 11.



Name \_\_\_\_\_

Address \_\_\_\_\_

1

**ACROSS**

- 1 Anointed believers in South Island (12)
- 2 Surrounding men a bit peculiar (7)
- 3 Sand on sound in South Island (6)
- 4 Orwell's name for second retreat (5)
- 5 Please look, or return so sadly (8)
- 6 Loud protest at port getting seller a toilet (10)
- 7 Check front of boat (4)
- 8 Architectural feature, split into a favour tellows (4)
- 9 Premier general in North Island (10)
- 10 Follow-up of bishop in North Island (6)
- 11 Wine for compiler and physician (5)
- 12 Locally established mine twisted last first (7)
- 13 Object of lucky strike finds company in unusual trend (3,4)
- 14 Messenger in medium wave broadcast, nite about land, roof

**DOWN**

- 1 Not Maria, possibly Disney? (8)
- 2 Can or Abel on the road? (6)
- 3 Young creature died on river in story (7)
- 4 Fruit of the spirit with 90 for 500 (6)
- 5 Be familiar with present monarch? (4)

**Solution to Puzzle No.7.732**

C	O	G	N	A	C	I	N	A	T	I	S	H
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**Solution and winners of  
Puzzle No.7.734**

**DOWN**

2	66line with longinipr guard to chord (7)	DECATIHLONWAIST C O U E H E D V
3	Compiler cries aloud at cold sweet (3,5)	HEARER NORD F E R A A S
4	Archbishop's skirt? (4)	F O L D S T E N C I L
5	Spee building frustrates craft (10)	C U N E R T Y O
6	Muic with refrain right on note (5)	R E M E D S N O W H I T E
7	Retreat could be ugly with end chord (7)	A T T E M P T E D
8	Large bottle containing hydrogen with deuterium is fit for sugar and starch (13)	I M P R E C A T I O N A L L Y
9	Confined solely, with curried red meat to German city almost before trouble (13)	P O K I E F E T E
14	New cleaner needed after flap for chapel (10)	S O N S P R I N G F I E L D

S.R. Bates, Coventry: D.R.  
Burt, Clowry; Mrs M.V.  
Dyer, Beestow Village, Not-  
tingham; Ms A. Gilchrist,  
Pound Hill, Crawley, Sussex;  
P.E. Philpott, Shepherdswood,  
Dorset, Kent.



**H**e saw that Russia possessed splendid soil and splendid labour and that in certain cases the land could produce abundantly; but that in the majority of cases, where capital was expended in the European fashion, little was produced and that this happened simply because the labourers were unwilling to work, and work well only in the way natural to them, and that their resistance was not accidental but inevitable, having its roots in the spirit of the people.

This, at least, was Tolstoy's opinion in the mid-1870s, as expressed by the Tolstoyan landowner, Levin, in *Anna Karenina*.

Tolstoy was writing soon after the emancipation of the serfs and it is tempting to draw a comparison with the later emancipation of the

*muzhiks* (peasants) of collectivised agriculture which it is said, will take place in Boris Yeltsin's Russia.

The serfs, sad to say, did not have much time to prove that they could cope with freedom. The Bolshevik revolution took place less than 50 years after the emancipation of the serfs. I imagine there were many thousands of Russians whose careers on the land bridged both eras.

Tolstoy was not convinced that the Russian character was well suited to European concepts of the liberty of the individual. When Levin tries to liberate his own farm labourers and give them equity in

their own land they seem curiously unwilling and fearful of the responsibility. "The cowman, Ivan, seemed to grasp Levin's proposal to let him and his family have a share in the profits from the dairy farm and thoroughly approved of the plan. But when Levin hinted at the benefits that would accrue to him in the future a look of anxiety and regret appeared on Ivan's face." Moreover, the first and indispensable condition that the peasants insisted on in any new arrangement was that they should not be compelled to adopt any new

methods or use any new kinds of agricultural machinery.

Levin soon comes to sympathise with the words of an irascible old landowner: "emancipation of the peasants has been the ruin of Russia... We landowners, under serfdom, applied various improved methods of farming... which we introduced because we had the power, and the peasants resisted at first and afterwards copied. Now that serfdom has been abolished and authority taken out of our hands our husbandry is bound to sink back again to the most savage

and primitive condition... The Russian worker understands one thing only - how to drink like a hog."

Has the character of the Russian worker changed so much that Yeltsin will succeed in pushing through reforms which Gorbachev, with the power of an appointed dictator rather than an elected, here today, gone tomorrow politician, failed to do?

It does seem that Yeltsin was propelled to power not by a great wave of popular yearning for democracy and individual liberty

but rather by the negative desire to get rid of a man who had brought economic confusion and chaos. Yeltsin was just the only man - apart from the coup leaders - brave enough to offer himself as an alternative.

We must respect Yeltsin's right to rule, since he has put himself to the Russian people and been freely elected and in this he has innovated successfully where Gorbachev failed to trend.

But my hunch is that Yeltsin is more dictatorial than Gorbachev, more in the traditional mould of the Russian autocrat, more in sympathy with Tolstoy's irascible old landowner. Perhaps, indeed, that is

why he is so popular with the Russian people. So are we all doomed to tread the same path of nationally stereotyped behaviour? The Georgians, for example, seem to be continuing as they left off as an independent nation - cutting each other's throats. And what of the nation, newly unified, on the borders of the old Soviet empire?

The White House and Downing Street are busy guessing what Yeltsin's finger on the nuclear button means. Perhaps they should stop worrying about the new Russia and turn their attention to the new Germany: that is, if Tolstoy was right about the importance and unchangeability of national character.

*Dominic Lawson is editor of The Spectator.*

## Time to face the muzhick

Dominic Lawson on what Tolstoy says to Yeltsin

### Private View

## An egalitarian takes control in the opera house

**S**IAN EDWARDS showed from the first that she was not going to do just girlie things. At the age of 11 she took up the French horn, a notoriously difficult instrument once considered too demanding for women.

Arriving at her second school, Oxford High, she discovered that the headmistress was also a horn player. Mary (now Baroness) Warlock had, however, given it up and was glad to sell her machine. "So I started off on this rather nice instrument which had a huge case and very violent pink plush interior."

Edwards grew up in West Sussex with two younger sisters, Claire and Briony, and no brothers to condition her choices. Nor did her parents - her father is a businessman, her mother a speech therapist - have fixed ideas about what little girls ought to do in life.

There was a piano in the house, left over from a family furniture business. Sian took lessons with an elderly lady in Pulborough, but her ears were really opened by school trips to hear symphony concerts in London.

It was the beginning of a road that led her first to Covent Garden, where she was the first woman ever to wield the baton, and now to her startling appointment as musical director of the English National Opera, where she starts with *La Bohème* in 18 months' time.

Edwards is only 32 and comes from a generation of schoolchildren that enjoyed generous government funding for music. There was a surplus of wind players for the school orchestra and that gave her the idea of forming an eight-piece dance band. She arranged the numbers to suit each girl's ability and she picked up a stick to conduct them. Later, at music college, while ostensibly training to be a professional horn player, she formed another group. Her conducting career had begun.

Edwards' generation is probably also the first to realise that music is an art without gender. Indeed, unisex is Edwards' style. She dresses like a student, in loose shirt, blue jeans and ribbed-sole boots. She wears owl-shaped spectacles. But there is nothing mannish about her. She has the beautiful pale complexion that goes with red hair; a soft outline and plump hands. For all her casual, matter-of-fact manner it is quite easy to imagine her - as one musical admirer already has - dolled up and doing a Madonna in the pit.

Furthermore, she is a mother. The baby, called Finn after the legendary Irish warrior Finn MacCool, is six months old. Edwards lives with but is not married to the baby's father, Ian Kemp, a musicologist who specialises in Berlioz, Hindemith, Weill and Tippett.

Her taste in music, as in marriage, is egalitarian. I asked her what she liked.

"I've always been drawn to jazz,

the first real music other than classical.

"When I was a kid I think I was incredibly musically snobbish. The Beatles were in their heyday but I thought Mozart and Bach were it and anyone who could sing She Loves Me, Yeah, Yeah, Yeah, must be out of their minds. I've changed my ideas now."

She mentioned reggae, and vocalists such as Tina Turner. I asked what it was about Tina Turner she liked.

"She's somebody who's fought for every part of her life and her songs have got incredible force because of that. And she's also a very thrilling performer on stage."

Can you put up with the banality of other pop music?

"It depends. I sometimes try it and find it interesting for about 10 minutes and then it's noisy and

*Sian Edwards will be the next musical director of the English National Opera. She tells Christian Tyler about her career*

banal. A lot of musicians find this - I'm not just talking about classical musicians.

"Electronics are becoming so dominant that you do get this bland, homogeneous, very articulate and accomplished sound - but then nothing happens. I'm not against synthesizers but they need to be an extension of what people can do."

We discussed musicals. Edwards described *The Sound of Music* as "one of the great influences of my childhood". She also singled out *West Side Story* (written, of course, by a "classical" composer) and Gershwin's *Porgy and Bess*. "It comes as high up my list as any of the great early operas."

What do you think about popularising classical music?

"You mean Nigel Kennedy? I really admire Nigel for what he has done. He has brought off the most incredible act, I suppose, and I think he's also a very good violinist. But I do think also he's a one-off."

Whether there was an unspoken "thank God!" at the end of that remark, I could not tell.

I asked how consciously she would try to widen the audience for serious opera. Edwards said she was shocked that people still felt barred from classical music, when, for example, Verdi's operas were written with everyone's enjoyment in mind.

Is that because the rich and successful regard classical music as their property? I asked.

"I know what you're saying. An opera house can exemplify the class

system: areas of splendour for the moneyed and plain for everybody else.

"But opera houses have realised they must have audiences and these extremely moneyed people with their mink coats are not going to fill the house every day of the week."

Edwards already has some idea of what she wants to do at the Coliseum, one of the largest auditoriums in Europe with its 2,366 seats. The orchestra having been brought to a high pitch by the present music director, Mark Elder, she will work more on the singing in order to bring out what she calls the warmth and latent drama of opera.

She hopes to nurture more young singers in the studio, experimenting with vocal style and preparing them for the big house. She named Musorgsky as a composer she would like to stage - not surprisingly, since she spent two years as a trainee conductor in Leningrad, under one of the best conductor-teachers in the world, Prof. Ilya Alexandrovich Musin.

Another of her ambitions - she expressed it tactfully - is to encourage modern composers to write better for the stage.

You mean so that opera can be brought up to date instead of relying on old favourites or travesties of old favourites?

"Yes, absolutely... that kind of thing. Something that does perturb me is when you get composers writing works which, of course, they feel very deeply but which seem to have no real relevance to anything. "Helping composers to write for the voice, if that's what interests them, would interest me enormously. I do think that new writing is essential. When Verdi was writing or Gershwin, if something didn't work in the theatre they would go away and write another number."

By this time I felt it was a bit cheeky to raise the question of sex in music, a topic which Edwards so obviously regards as irrelevant. But she was ready to answer and agreed that the shortage of women conductors could be explained mainly by the lack of example.

Have you had to work harder to impose your authority on old buffers in order to overcome their biological resentment?

"I've been surprised. Where I thought people would have been difficult they have been very supportive, and the other way round. "Some of the old buffers you talk about have been the nicest and most supportive and also the most willing to give me the benefit of the doubt. Whereas sometimes it's people of my own age who I find a bit harder. You then have to really show them you can cut ice."

I see conducting as a very specific job. Orchestral players have their job, an oboist or viola player or whatever, and I have my job. "I have to come with a vision of the whole score, not just knowing where it's staccato and legato and all that. That's what I've been

parts. It's the bigger concept or vision of what the piece might be. That's my work and that's what I'm paid for."

Did you never have difficulties arising from the fact of being a woman?

"It's so subjective. I can't say I've ever had them. What I would say is that I have had difficulties because I am young, difficult because I have created for myself because I haven't

known how to approach players and difficulties because they didn't have confidence in what I've been doing.

"But that's already quite a long time ago, now. I have been more pleased with my most recent work. It must have something to do with being Thirtysomething. I feel now I do have knowledge of my job as a professional, and the youth thing... Well," she laughed, "it's fading away, you know."



## The first giant quiz of 1992

Michael Thompson-Noel

THE NEWSPAPERS have been full of Christmas quizzes. But haven't they been dull?

This is because most of them were based on the events and personalities of 1991. So here is a better class of quiz altogether, based on the events and personalities of 1992.

There are prizes to be won. The first prize is lunch with Christian Tyler. Second prize: lunch with Christian Tyler and Dominic Lawson. Third prize: lunch with Christian Tyler, Dominic Lawson, Barry Riley, Jancis Robinson and Philip Coggan.

Believe you me, you wouldn't want to win third prize, so concentrate on the first or second prizes. But understand this: bonus marks will be awarded for handwriting, quality of stationery and anything else that comes to mind during the judging phase. And several of the questions are trick questions. Jolly good, then. Off we go:

1) In his March 1992 budget, did Norman Lamont, then chancellor of the exchequer, describe the UK economy as:

a) "Motoring gently among the foothills of recovery?"  
b) "Displaying exciting growth potential?"  
c) "Accelerating skywards at a truly astonishing rate?"

2) John Major is now shadow Transport Secretary. Has he promised to get Britain moving again by:

a) 2001?  
b) 2002?  
c) "As soon as is realistically practical under the evolving circumstances?"

3) When Neil Kinnock entered No 10 Downing Street as prime minister, did his speech on the doorstep last:

a) 17 minutes?  
b) One hour 24 minutes?  
c) Five hours 32 minutes?

4) What is Norman Lamont doing now?

a) Who said this on the first day of the new parliament:  
"Mr Speaker, the economic mess I have inherited is a diabolical disgrace and an affront to human decency. I am launching an immediate inquiry to probe into the whole shocking scandal?"

b) Where is Mikhail Gorbachev?

c) And what did Margaret Thatcher say that led to their dramatic redeployment?

5) Virginia Bottomley is now secretary-general of the UN. Is this:

a) A good thing?  
b) A tremendously bad thing?  
c) Exceedingly hard to tell?

10) 1992 has produced a roller-coaster ride for world stock markets. To within 15 points, did London's FT-SE 100 index touch:

a) 1,200?  
b) 375?  
c) 8,500?

d) 16,010?

(Multiple answers acceptable.)

11) Gold is now cheaper than sugar, which is four times cheaper than what?

12) At the Olympic games in Barcelona, what happened when Karakostas, Helanakis and the Ukraine club in the same heat of the men's 4 x 100 metres relay?

13) What did a Cuban marathon runner, say to a Chinese discus-thrower which, when repeated in the hearing of a South African long-jumper, helped propel him, such was his fury, to a new world record? Was that record:

a) 58 ft 9 in?  
b) 34 ft 10 in?  
c) 57 ft 4 in?

14) Quite apart from the Olympics, this has been a violent year for international sport. Which two countries fought?

a) The Great Soccer War?  
b) The Great Polo War?  
c) The Great (and continuing) Roller-Hockey War?

15) England's Paul Gascoigne was involved in two of these conflicts. Which ones?

16) Media: who is the new editor of the Daily Mirror?

a) John Lloyd?  
b) Christian Tyler?  
c) Philip Coggan, John Authers and Scheherazade Daneshkhan?

17) Rupert Murdoch has been a passionate fond of open-sea cruising. His motor-yacht cost \$22m. Is it called:

a) The Lady Anna?  
b) The Lady Margaret?  
c) Willy Wagtails by Moonlight?

18) This year's Booker prize was abandoned following a punch-up among the judges. Just before they started fighting, which novelist was 6-4 favourite with the bookmakers, and why was Martin Amis generally quoted at 200-1?

19) The Archbishop of Canterbury has had an energetic and fruitful year. How many times did he:

a) Appear on Top of the Pops?  
b) Claim that inner-city riots were linked with PMT (pre-millennial tension) and waves emanating from the tenth dimension?

20) According to scientists, an asteroid the size of Finland is speeding towards Earth at 17,000,000,000,000,000 miles per second.

Is the impact expected to produce:

a) A New Age of the Dinosaurs?  
b) Proof that Einstein was only partly right in most of his equations?

c) A return to growth for the world economy?

d) Five centuries of seriously negative growth?

e) Fresh job opportunities for Norman Lamont?

(Multiple answers acceptable.)

**HAWKS & HANDSAWS**

## Corruption without sin

James Morgan visits India and receives a lesson in the art and ethics of bribes

**T**HE TROUBLE with socialism is that it usually has to be ousted by liberal doses of corruption. In India the man who wields the permit rules the world. The minority government of Narasimha Rao is changing things in its pursuit of the free market.

The present bureaucratic structure draws tribute from an economy which, in spite of everything, is 80 per cent in private hands.

The Licence (or Permit) Raj is one administrative system that the British did not bequeath an independent India. It ensures that every substantial business enjoys a close working relationship with every substantial official. It distorts to an extraordinary degree the normal business of management. My friend Pradeep Sachdeva runs a small furniture workshop employing about 15 men on the outskirts of New Delhi. In a tiny area he had organised the enterprise into three separate businesses. There was the workshop, the design office and the showroom. He had done this to gain the favourable tax treatment and cut-price loans that the government offers small businesses. No amount of expansion, he believes, could possibly push any of his businesses into another bracket. The only trouble is that he makes marvellous stuff, so who knows what the future may hold.

If you work for a big company

things become complicated. I met Madhavraj Shinde on a flight from Bombay to Delhi just before the festival of Diwali. Shinde worked for a foreign multinational and was on his way to find out what presents were expected by those officials with whom he normally dealt.

The custom of giving Diwali presents is no more corrupt than the box of chocolates that a wise building contractor might give to a member of a local government committee in Britain. But Shinde was troubled by the fact that every month he had to go to New Delhi to ensure his firm obtained the necessary permission for expansion or closure, for price increases, for new product lines.

To obtain these favours the sums handed over were not large: 100 rupees (\$4) here, 100 rupees there, the occasional room in a company rest house for a weary bureaucrat and his family during some strenuous tour up-country.

Shinde found himself at odds with the western notions of bribery followed by his employers. They just paid the cash and waited for

results. But Shinde, when he became planning manager 18 months ago, decided to reform this and cost-benefit approach. He is a Hindu and a supporter of the right-wing Bharatiya Janata Party which oddly combines radical free market principles with a large dose of Hindu nationalism.

The starting point for Shinde was, he told me, the religious principle that corrupt money brings no benefit. There is wider economic principle here, one that plays a central role in Hindu teaching. It is bad both to pick up and to lose gold. In other words it is not work for your money it is not properly earned. If you lose it, it is society's loss. If Margaret Thatcher believed in "society" she would probably be a Hindu.

Shinde told me that those who receive a bribe, or their families, will at some time suffer a blow that precisely negates the gain. So he drew up a system that would ensure his company got the necessary permits without endangering the welfare of the recipient. In this system money continued to play some role,

but the material aspect constitutes its least important aspect.

The central element in Shinde's Bhagavad Gita of the Licence Raj is the ego of the bureaucrat. If he is not to receive money there has to be some other system of reward. Shinde's replacement is based on education, recognition and reward. Thus he offers access to computer software. The official is given full technical details, where possible, of new product development.

"We want to make him feel a part of our business," Shinde explained. Not only that, he would also be better educated. The official would also become sufficiently involved to be able to put the company's case with authority to his superiors. "We want to help him do his job properly."

In time the official would gain the promotion he deserved. There would be no doubt that in such a position he would recognise the co-operation that had led to this.

This approach had important consequences for Shinde. He had, by implementing it, resolved his own moral dilemmas. The essence of the

problem he faced was not that which would have been obvious to those of us brought up in the Judeo-Christian tradition. It was his responsibility for the moral welfare of those with whom he did business that was a cause for concern - and the mainspring of his new bribery management system.

I was surprised by this for my Hindu colleagues had led me to suspect that the religion's ethical systems owed more to Machiavelli than Moses. Then I realised that Shinde's principles could have been drawn straight from *The Prince* and renaissance Florence. They are also inexpensive to operate.

This kind of moral ambiguity is typical of the mores that confronts those who try to unravel what passes for reality in India.

I tried to find out whether Shinde was a devout Hindu, following the religious law, such as it is, to the letter, or was he a crafty trader in patronage? I was told only westerners would ask such daft questions.

James Morgan is Economics Correspondent of the BBC World Service.



Road to progress: in India old ways meet new industries

**World News**  
**Croats claim missiles used in attacks on Zagreb**

Discredited Croatian republic claimed the Yugoslav army used missiles in attacks on the city of Zagreb. It would be the first time such weapons had been used in Croatia since the start of the war. The Yugoslav army also claimed to have fired missiles at the city of Zagreb.

**ANC may give Mandela**  
African National Congress leader Nelson Mandela will receive the party's highest honour, the Order of the ANC, for his role in the struggle for freedom in South Africa. The award was announced by the party's executive committee.

**Belgium suffers blow**  
Belgian president Daniel Van Boven has been elected for a second term. He will serve until 1995. The election was held on December 27.

**Salvador talks boom**  
President Alfredo Cristiani of El Salvador has said he will accept the terms of the peace agreement with the guerrillas. He will sign the agreement on January 1, 1992.

**Belgium to join treaty**  
Belgium's parliament has agreed to join the European Union. The treaty will be signed on January 1, 1992.

**White House protest**  
Barack and Michelle Obama have been elected to the White House. They will move in on January 20, 1993.

**U.S. violence protest**  
Northern Ireland had its 15th year of the Troubles. The conflict has caused the death of over 3,000 people.

**Eight die in crash**  
At least eight people were killed and 10 injured when a passenger jet crashed into the sea off the coast of Spain. The plane was en route from Madrid to London.

**Lead production to halt**  
Spain's lead production will be suspended until 1995. The decision was made by the Spanish government to protect the environment.

**Pioneers repatriated**  
Twelve Spanish pioneers convicted of drug offences in Thailand have been repatriated. They will be held in custody until their trial.

**Gang-rape ruling**  
A Pakistani judge has cleared a group of men of charges of gang-rape. The judge found the men innocent of the charges.

**King Juan Carlos**  
King Juan Carlos of Spain has announced his annual Christmas message. He wished the people of Spain a happy holiday season.

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مركز الأبحاث